



**Colorado
Legislative
Council
Staff**

SB16-062

**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 26, 2016)

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

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|---|---|
| Drafting Number: LLS 16-0671 | Date: April 20, 2016 |
| Prime Sponsor(s): Sen. Marble Rep. Becker J.; Vigil | Bill Status: House Appropriations Fiscal Analyst: Erin Reynolds (303-866-4146) |

BILL TOPIC: VETERINARY PHARMACEUTICALS

| Fiscal Impact Summary | FY 2016-2017 | FY 2017-2018 |
|---|------------------------------|--------------|
| State Revenue General Fund | Potential minimal reduction. | |
| State Expenditures | Workload increase. | |
| TABOR Impact | Potential minimal reduction. | |
| Appropriation Required: None. | | |
| Future Year Impacts: Ongoing potential minimal revenue reduction and expenditure increase. | | |

Summary of Legislation

This bill, *as amended by the House State, Veterans, and Military Affairs Committee*, creates the Veterinary Pharmaceutical Advisory Committee (advisory committee) in the Department of Regulatory Agencies (DORA) to hear matters concerning veterinary pharmaceuticals referred by the State Board of Pharmacy (board), specifically related to board action on an investigation or complaint, application review, and rules. The three-member advisory committee — whose qualifications, terms, succession, and meeting requirements are outlined in the bill — serve without compensation or expense reimbursement. DORA is to provide staff assistance to the advisory committee. The board, in consultation with the State Board of Veterinary Medicine, may promulgate rules to implement the advisory committee. The advisory committee repeals on September 1, 2026, following a sunset review.

The board is prohibited from regulating the sale of disposable veterinary devices. It may exempt from regulation veterinary devices that are regulated by the federal Food and Drug Administration and other devices for which it determines regulation is unnecessary.

Finally, the bill creates a reduced civil penalty between \$50 and \$500 for a single violation, and a maximum penalty of \$5,000 for multiple violations, for persons who unlawfully distribute a veterinary drug; except that the board may issue a per violation fine between \$500 and \$5,000 if it determines that the registrant has committed one or more egregious violations. Before issuing a fine, the board must provide notice to the registrant and a hearing opportunity. The board must also consider the registrant's ability to pay the fine and waive the fine if it would cause the registrant undue hardship.

Background

The State Board of Pharmacy licenses, investigates complaints, and enforces disciplinary actions related to pharmacists, pharmacy interns, in-state and nonresident pharmacies, in-state and out-of-state prescription drug wholesalers, satellite pharmacies, specialized prescription drug outlets, other outlets, and limited licenses. The board currently consists of five licensed pharmacists and two public members.

State Revenue

Because the bill reduces the penalty amount that can be assessed on persons who unlawfully distribute a veterinary drug, it may reduce state fine revenue to the General Fund by a minimal amount. The board does not separately track individuals that dispense veterinary drugs, but it does have some disciplinary data related to fines on pharmacies that compound veterinary drugs. In the past 12 years, there have been five fines on these pharmacies, ranging from \$1,000 to \$5,000, not including a fine related to a Prescription Drug Monitoring Program violation. Revenue from these fines is credited to the General Fund.

TABOR Impact

To the extent that state fine revenue is reduced under the bill, it will reduce the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund. A TABOR refund is not projected for FY 2016-17.

State Expenditures

Beginning in FY 2016-17, the bill will increase workload in the Division of Professions and Occupations (DPO) in DORA. The DPO will provide staff assistance to the advisory committee and initial rule promulgation. These workload increases can be accomplished within existing appropriations.

Effective Date

The bill takes effect July 1, 2016.

State and Local Government Contacts

Governor's Office

Judicial

Law

Regulatory Agencies

Research Note Available

An LCS Research Note for SB 16-062 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.