



**Colorado  
Legislative  
Council  
Staff**

**SB16-062**

**REVISED  
FISCAL NOTE**

(replaces fiscal note dated February 5, 2016)

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

<b>Drafting Number:</b> LLS 16-0671	<b>Date:</b> February 26, 2016
<b>Prime Sponsor(s):</b> Sen. Marble	<b>Bill Status:</b> Senate Second Reading
Rep. Becker J.; Humphrey	<b>Fiscal Analyst:</b> Erin Reynolds (303-866-4146)

**BILL TOPIC:** VETERINARY PHARMACEUTICALS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
<b>State Revenue</b> General Fund	Potential minimal reduction.	
<b>State Expenditures</b> Cash Funds	<b>\$5,220</b> 5,220	<b>\$5,220</b> 5,220
<b>TABOR Impact</b>	Potential minimal reduction.	
<b>Appropriation Required:</b> \$5,220 - Department of Regulatory Agencies (FY 2016-17).		
<b>Future Year Impacts:</b> Ongoing potential minimal revenue reduction and expenditure increase.		

**Summary of Legislation**

This bill, *as amended by the Senate Agriculture, Natural Resources, and Energy Committee*, adds two members to the Governor-appointed Colorado Board of Pharmacy (board): a licensed veterinarian who predominantly works on large animals, and a licensed pharmaceutical wholesaler engaged in the distribution of animal drugs.

The bill prohibits the board from regulating the sale of disposable veterinary devices, and allows the board to exempt from regulation veterinary devices that are regulated by the federal Food and Drug Administration and other devices for which the board determines regulation is unnecessary.

The bill also creates a reduced civil penalty of \$50 to \$500 for a single violation, and a maximum of \$5,000 for multiple violations, for persons who unlawfully distribute a veterinary drug. 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 Colorado 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.

## **State Expenditures**

Beginning in FY 2016-17, the bill will increase state expenditures by \$5,220 per year, paid out of the Division of Professions and Occupations Cash Fund in DORA. The addition of two new board members creates additional travel reimbursement and per diem costs for the board.

***Assumptions and data.*** The board meets six times per year. Per diem is \$50 per meeting, for a total of \$600 per year for the two new members. Assuming that one member is from a rural area, travel reimbursement costs for meals, lodging, and airfare are expected to average \$770 per meeting, or \$4,620 per year for that member.

## **Effective Date**

The bill takes effect July 1, 2016.

## **State and Local Government Contacts**

Governor's Office      Judicial Criminal      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.