



**Colorado
Legislative
Council
Staff**

HB17-1224

FISCAL NOTE

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

Drafting Number: LLS 17-0996
Prime Sponsor(s): Rep. Kraft-Tharp
Sen. Gardner

Date: March 13, 2017
Bill Status: House Business
Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: MISBRANDED ADULTERATED COUNTERFEIT DRUGS PENALTY

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue	<u>at least \$66,000</u>	<u>at least \$66,000</u>
General Fund	at least 66,000	at least 66,000
State Expenditures	<u>\$8,555</u>	<u>\$8,555</u>
Cash Fund	8,555	8,555
TABOR Impact	at least \$66,000	at least \$66,000
Appropriation Required: \$8,555 - Department of Regulatory Agencies (FY 2017-18).		
Future Year Impacts: Ongoing revenue and expenditure increase.		

Summary of Legislation

This bill amends the pharmacy practice law to make unlawful the sale, compounding, dispensing, giving, receiving or possessing of any drug or device unless it was sold, compounded, dispensed, given, or received in accordance with the Federal Food, Drug, and Cosmetic Act. The possession, sale, dispensing, giving, receiving, or administering of an adulterated drug or device, a misbranded drug or device, or a counterfeit drug is also unlawful. The bill adds mandatory civil penalties of \$1,000 to \$10,000 for each violation of an unlawful act under the pharmacy practice law, revenue from which is deposited into the General Fund.

State Revenue

This bill will increase state General Fund revenue from fines by at least \$66,000 annually beginning in FY 2017-18. This assumes the minimum fine of \$1,000 and at least 66 violations under the bill. This includes both new violations created under the bill as well as those currently in statute that are now subject to a minimum \$1,000 fine.

TABOR Impact

This bill increases state General Fund revenue from fines, which will increase the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill increases both revenue to the General Fund and

the refund obligation by equal amounts, there is no net impact on the amount of money available in the General Fund for the budget. However, the bill will increase money available for the General Fund budget in the future during years when the state does not collect money above the TABOR limit.

State Expenditures

This bill is expected to increase expenditures in DORA by \$8,555 per year beginning in FY 2017-18 from the Division of Professions and Occupations Cash Fund. These costs are explained below.

The Division of Professions and Occupations in the Department of Regulatory Agencies receives approximately 60 complaints per year related to the dispensing and repackaging of drugs and devices. Being subject to civil fines is assumed to increase the number of cases sent to the Attorney General's Office for settlement by 6 cases per year. These will require 15 hours of legal services per case for a total of 90 hours at a rate of \$95.05 per hour for a total of \$8,555 annually. Workload for the Division of Professions and Occupations will also increase to provide evidence for these cases, but this can be accomplished within existing appropriations.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2017-18, the Department of Regulatory Agencies requires an appropriation of \$8,555 from the Division of Professions and Occupations Cash Fund to be reappropriated to the Department of Law.

State and Local Government Contacts

Law Regulatory Agencies