

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1412-05
Bill No.: Truly Agreed To and Finally Passed CCS for HCS for SB 284
Subject: Boards, Commissions, Committees, Councils; Drugs and Controlled Substances;
Pharmacy
Type: Original
Date: June 6, 2011

Bill Summary: Modifies the disciplinary authority of the Board of Pharmacy and defines the term legend drug for the purpose of certain pharmacy statutes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Conservation Commission	(Unknown)	(Unknown)	(Unknown)
Parks, and Soil and Water	(Unknown)	(Unknown)	(Unknown)
School District Trust	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration (OA) - Administrative Hearing Commission, Department of Economic Development, Department of Insurance, Financial Institutions, and Professional Registration, Department of Health and Senior Services, Department of Social Services,** and **Parkway School District** assume the proposal would have no fiscal impact on their agencies.

Officials from the **OA - Division of Budget and Planning (BAP)** state the proposed legislation should not result in additional costs or savings to the BAP. The proposed sales tax exemption of medical equipment rentals and certain over-the-counter drugs prescribed by a health care practitioner will decrease general and total state revenues, and local revenues including those for education, by an unknown amount.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Elementary and Secondary Education** defer to the Department of Revenue for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Department of Revenue** assume the proposal will have no fiscal impact on their organization. However, it will reduce total state revenue.

Officials from the **Missouri Department of Conservation (MDC)** state the proposal will have an unknown negative fiscal impact on the MDC. Conservation Sales Tax funds are derived from a one-eighth of one percent sales and use tax pursuant to Article IV Section 43(a) of the Missouri Constitution. Exempting from sales tax the rental of medical oxygen, home respiratory equipment and accessories, hospital beds and accessories and ambulatory aids, manual and powered wheelchairs, stairway lifts, Braille writers, electronic Braille equipment, scooters, reading machines, electronic print enlargers and magnifiers, electronic alternative and augmentative communication devices and items used solely to modify motor vehicles to permit

ASSUMPTION (continued)

the use of such motor vehicles, and drugs required by the Food and Drug Administration to meet the over-the-counter drug product labeling requirements in 21 CFR 201.66, or its successor, as prescribed by a health care practitioner licensed to prescribe will decrease sales tax collected and thus would decrease revenue to the Conservation Sales Tax funds. The MDC assumes the Department of Revenue would be better able to estimate the anticipated fiscal impact that would result from this proposal.

Officials from the **Department of Natural Resources (DNR)** state section 144.030 of this proposal would modify the exemption from state and local sales tax for certain medical supplies to include rentals of medical oxygen, home respiratory equipment and accessories, hospital beds and accessories, ambulatory aids, wheelchairs, scooters, reading machines, electronic print enlargers, electronic communication devices, and items used to modify motor vehicles for individuals with disabilities. The proposal would also create a sales tax exemption for drugs that are required to meet the Food and Drug Administration's over-the-counter drug labeling requirements.

The DNR's Parks and Soils Sales Tax Funds are derived from one-tenth of one percent sales and use tax pursuant to Article IV Section 47(a) of the Missouri Constitution. Therefore, any additional sales and use tax exemption would result in a loss to the Parks and Soils Sales Tax Funds. The amount of the fiscal impact from the exemption proposed in this proposal is unknown.

Officials from the **City of Kansas City** state the new provisions in Section 144.030 would have a negative fiscal impact on the City of Kansas City in an unknown, indeterminate amount.

Oversight notes that this proposal would provide a new exemption for rentals of certain medical equipment and communicative devices. In addition, the proposal exempts from sales tax nonprescription drugs prescribed by a practitioner. **Oversight** was not able to locate any additional information regarding the retail sales that would be affected by the changes in sales tax exemptions if this proposal is enacted. For fiscal note purposes, **Oversight** will indicate unknown revenue reductions for all impacted funds.

No other local governments responded to **Oversight's** request for a statement of fiscal impact.

This proposal will reduce total state revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE FUND			
<u>Loss - Reduction in sales tax revenue</u>			
Reduction in sales taxes received from exemption of certain medical care items (§144.030)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
PARKS AND SOILS SALES TAX FUND			
<u>Loss - DNR</u>			
Reduction in sales taxes received from exemption of certain medical care items (§144.030)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON PARKS AND SOILS SALES TAX FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
CONSERVATION COMMISSION FUND			
<u>Loss - MDC</u>			
Reduction in sales taxes received from exemption of certain medical care items (§144.030)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
SCHOOL DISTRICT TRUST FUND			
<u>Loss - Reduction in sales tax revenue</u>			
Reduction in sales taxes received from exemption of certain medical care items (§144.030)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
LOCAL GOVERNMENTS			
<u>Loss - Reduction in sales tax revenue</u>			
Reduction in sales taxes received from exemption of certain medical care items (§144.030)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

The proposal may impact small business pharmacies if the Board of Pharmacy refuses to issue licenses or permits due to disciplinary matters of certain pharmacy employees or owners.

FISCAL DESCRIPTION

This proposal modifies the exemption from state and local sales tax for certain medical supplies, to include rentals of medical oxygen, home respiratory equipment and accessories, hospital beds and accessories, ambulatory aids, wheelchairs, scooters, reading machines, electronic print enlargers, electronic communication devices, and items used to modify motor vehicles for individuals with disabilities. The proposal also creates a sales tax exemption for drugs that are required to meet the Food and Drug Administration's over-the-counter drug labeling requirements.

FISCAL DESCRIPTION (continued)

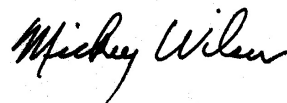
This proposal allows the Board of Pharmacy to refuse to issue a certificate of registration, permit, or license to an applicant for a pharmacy or drug distributor license if the designated pharmacist-in-charge, manager-in-charge, or any officer, owner, manager, or controlling shareholder of the applicant has committed an act that would be grounds for discipline under the Board of Pharmacy's disciplinary statute.

This act has an emergency clause for the section regarding legend drugs.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration -
 Administrative Hearing Commission
 Division of Budget and Planning
Department of Economic Development
Department of Elementary and Secondary Education
Department of Insurance, Financial Institutions, and Professional Registration
Department of Natural Resources
Department of Health and Senior Services
Department of Revenue
Department of Social Services
Missouri Department of Conservation
Office of Secretary of State
City of Kansas City
Parkway School District



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