

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1305-01
Bill No.: HB 615
Subject: Crime and Punishment; Drugs and Controlled Substances; Law Enforcement
Officers and Agencies
Type: Original
Date: February 24, 2009

Bill Summary: This legislation changes the scheduling of ephedrine, pseudoephedrine, and phenylpropanolamine to be Schedule III controlled substances.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(More Than \$100,000)	(More Than \$100,000)	(More Than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(More Than \$100,000)	(More Than \$100,000)	(More Than \$100,000)

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Conservation Fund	(Less Than \$100,000)	(Less Than \$100,000)	(Less Than \$100,000)
State School Moneys Fund*	\$0	\$0	\$0
Parks and Soil Fund	(Less Than \$100,000)	(Less Than \$100,000)	(Less Than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Less Than \$200,000)	(Less Than \$200,000)	(Less Than \$200,000)

* Savings and Losses of Less Than \$100,000 would net to \$0.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	(Less Than \$100,000)	(Less Than \$100,000)	(Less Than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Section 195.017:

Officials from the **Office of the State Courts Administrator** and the **Missouri State Highway Patrol** each assume the proposal would have no fiscal impact on their respective agencies.

In response to a similar proposal from this year (SB160), officials from the **Department of Public Safety** and the each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and 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 office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

In response to a similar proposal from this year (SB160), officials from the **Department of Insurance, Financial Institutions & Professional Registration (DIFP)** state that having reviewed the proposed legislation and having sought the conclusion of the appropriate board(s), DIFP are of the opinion that this proposal in its present form has no fiscal impact to the Department.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DHSS)** states DHSS submitted two new decision items in our Fiscal Year 2010 Budget Request to allow for implementation of SB 724 (2008), which requires pharmacies to track information related to purchases of non-prescription pseudoephedrine products in an electronic logbook/database.

If the proposed legislation passes, the products would no longer be available over-the-counter and there would not be a need to track the sale. The potential cost avoidance would be \$938,322 in the first year, as well as over \$500,000 in ongoing staff and maintenance costs to the system in subsequent years. Because funding for this tracking system has not been appropriated to the Department yet, DHSS assumes no fiscal impact as a result of this legislation.

Oversight assumes there is no fiscal impact. The two new decision items are currently not included in the Governor Recommendations FY10 budget.

Officials from the **Department of Corrections** have not responded to Oversight's request for fiscal information.

Officials from the **Department of Revenue** assume the proposal would have no fiscal impact on their agency.

Oversight assumes a fiscal impact of (More Than \$100,000) could be realized. If the proposed legislation passes, there will no longer be sales tax collected on pseudoephedrine. If 4 million dollars worth of pseudoephedrine were sold in a year more than \$100,000 in sales tax would be lost (\$4,000,000 X 3%). The Conservation Fund, State School Moneys Fund and Parks & Soil Fund would have (Less Than \$100,000) fiscal impact (\$4M X .125%; \$4M X 1%; \$4M X .10%). Therefore, Oversight has included the General Revenue, Conservation, State School Moneys and Parks & Soil loss in the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Loss</u> - Department of Revenue			
Sales Tax	<u>(More than</u> <u>\$100,000)</u>	<u>(More than</u> <u>\$100,000)</u>	<u>(More than</u> <u>\$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(More than</u> <u>\$100,000)</u>	<u>(More than</u> <u>\$100,000)</u>	<u>(More than</u> <u>\$100,000)</u>
CONSERVATION FUND			
<u>Loss</u> - Department of Revenue			
Sales Tax	<u>(Less Than</u> <u>\$100,000)</u>	<u>(Less Than</u> <u>\$100,000)</u>	<u>(Less Than</u> <u>\$100,000)</u>
ESTIMATED NET EFFECT ON CONSERVATION FUND	<u>(Less Than</u> <u>\$100,000)</u>	<u>(Less Than</u> <u>\$100,000)</u>	<u>(Less Than</u> <u>\$100,000)</u>
STATE SCHOOL MONEYS FUND			
<u>Savings</u> - Department of Revenue			
Reduced distributions to local school districts	Less Than \$100,000	Less Than \$100,000	Less Than \$100,000
<u>Loss</u> - Department of Revenue			
Sales Tax	<u>(Less Than</u> <u>\$100,000)</u>	<u>(Less Than</u> <u>\$100,000)</u>	<u>(Less Than</u> <u>\$100,000)</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

PARKS AND SOIL FUND

Loss - Department of Revenue

Sales Tax

(Less Than
\$100,000)

(Less Than
\$100,000)

(Less Than
\$100,000)

ESTIMATED NET EFFECT ON PARKS AND SOIL FUND

(Less Than
\$100,000)

(Less Than
\$100,000)

(Less Than
\$100,000)

FISCAL IMPACT - Local Government

FY 2010
 (10 Mo.)

FY 2011

FY 2012

POLITICAL SUBDIVISIONS

Loss - School Districts

Reduced distributions from State
 School Moneys Fund

(Less Than
\$100,000)

(Less Than
\$100,000)

(Less Than
\$100,000)

ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS

(Less Than
\$100,000)

(Less Than
\$100,000)

(Less Than
\$100,000)

FISCAL IMPACT - Small Business

If the proposed legislation passes licensed pharmacies and dispensing practitioners would no longer need to maintain a log (written or electronic) of purchases and would not incur an indeterminate fiscal impact for purchasing electronic equipment, software, and related man-hours required in entering and transmitting data to the electronic log for methamphetamine purchases related to SB 724 (2008).

FISCAL DESCRIPTION

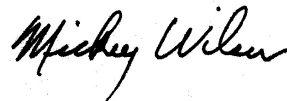
Section 195.017:

The proposed legislation changes the controlled substance classification of all methamphetamine precursor drugs from Schedule IV and Schedule V to Schedule III. The classification change will require a physician's prescription to obtain any of these drugs. The legislation also repeals provisions regarding the logging and recording of the sales as well as the storing of these drugs behind the counter from public access.

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

Department of Insurance, Financial Institutions and Professional Registration
Department of Health and Senior Services
Department of Public Safety
Missouri State Highway Patrol
Office of the Secretary of State
Department of Revenue



Mickey Wilson, CPA
Director
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