

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-0123/1	Introduction Number SB-022
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Description
 regulating the sale of prescription drugs below cost

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Decrease Existing Appropriations
 Create New Appropriations

Increase Existing Revenues
 Decrease Existing Revenues

Increase Costs - May be possible to absorb within agency's budget
 Yes No
 Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. Increase Costs
 Permissive Mandatory

2. Decrease Costs
 Permissive Mandatory

3. Increase Revenue
 Permissive Mandatory

4. Decrease Revenue
 Permissive Mandatory

5. Types of Local Government Units Affected
 Towns Villages Cities
 Counties Others
 School Districts WTCS Districts

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DATCP 2/14/2019

LRB Number 19-0123/1	Introduction Number SB-022	Estimate Type Original
Description regulating the sale of prescription drugs below cost		

Assumptions Used in Arriving at Fiscal Estimate

This bill exempts prescription drugs from the Unfair Sales Act. Under current law, the Unfair Sales Act or "minimum markup law" prohibits loss leaders or wholesale and retail sales of merchandise at a price below the cost of the merchandise to the seller. Under the bill, that prohibition would not apply to prescription drugs.

For certain products, the statutory definition of cost includes a minimum markup to represent the cost of doing business. However, for most products, including prescription drugs, cost is defined, generally, as the price paid by the seller.

Current law contains a list of exceptions to the prohibition of selling merchandise below cost. For example, current exceptions include: meeting the price of a competitor, seasonal clearance sales, going out of business sales, etc. This proposed bill would add an additional exception allowing for sales below cost as long as the merchandise sold is a prescription drug.

DATCP is the agency primarily responsible for state enforcement of the Unfair Sales Act. Generally, DATCP conducts investigations of alleged Unfair Sales Act violations based on complaints. DATCP has not discovered any violation of the Unfair Sales Act for selling prescription drugs below cost in more than 25 years. Therefore, DATCP believes this bill would not have any material fiscal effect on the agency.

Long-Range Fiscal Implications

Unknown.