



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

<b>Bill #</b>	HB0345	<b>Title:</b>	Establish Prescription Drug Pay-for-Delay Transparency Act
<b>Primary Sponsor:</b>	Sullivan, Katie	<b>Status:</b>	As Introduced

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$250,000	\$250,000	\$250,000	\$250,000
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$250,000)</u>	<u>(\$250,000)</u>	<u>(\$250,000)</u>	<u>(\$250,000)</u>

**Description of fiscal impact:** The Department of Justice does not possess the pharmaceutical industry expertise this bill requires of regulators such as the Federal Trade Commission. A consultant will be necessary to develop regulations, rules, and reporting requirements as well as enforcement at an estimated cost of \$250,000 each year.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Justice**

1. This bill would require the Attorney General's office to track all legal settlements of patent litigation, however, the terms of most of these agreements, including the amount of money involved, are confidential.
2. It is assumed that while the bill penalizes only failure to report, it is expected that these large corporations would resist enforcement through protracted legal challenges to the law and the State's administration of it, including dormant commerce clause, the applicability of reporting requirements, and other challenges, resulting in increased litigation costs.
3. The consultant would be needed to identify and investigate manufactures that may have failed to provide the required notice in Section 4.

4. The assumed cost for a consultant to perform the duties of the bill would be \$250,000 each fiscal year.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$250,000	\$250,000	\$250,000	\$250,000
<b>TOTAL Expenditures</b>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$250,000	\$250,000	\$250,000	\$250,000
<b>TOTAL Funding of Exp.</b>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)

**Technical Notes:**

1. Section 4. Penalty section of the bill refers to fines associated with violation of the bill. But does not state where the fines should be deposited.

**NOT SIGNED BY SPONSOR**

\_\_\_\_\_      2/15/21      \_\_\_\_\_ KA      \_\_\_\_\_ 2/15/21  
 Sponsor's Initials      Date      Budget Director's Initials      Date