

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7797**

**BILL NUMBER: SB 507**

**DATE PREPARED:** Jan 12, 1999

**BILL AMENDED:**

**SUBJECT:** Controlled substances.

**FISCAL ANALYST:** Bernadette Bartlett

**PHONE NUMBER:** 232-9586

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that the law that prohibits a physician from prescribing or otherwise providing: (1) any amphetamine, sympathomimetic amine drug, or compound designated as a Schedule III or Schedule IV controlled substance for purposes of weight reduction or to control obesity for a patient; and (2) for more than three nonrefillable 30 calendar day supplies in any 365 day period takes effect July 1, 2001, instead of July 1, 1999. The law concerning the Central Repository for Controlled Substances expires July 1, 2001, instead of July 1, 1999.

**Effective Date:** Upon passage; July 1, 2001.

**Explanation of State Expenditures:** Violations of the law governing use of controlled substances by licensed physicians constitute a Class D felony. A Class D felony is punishable by incarceration from 6 months to 3 years or reduction to Class A misdemeanor, depending upon mitigating and aggravating circumstances. This bill delays by two years the year in which the Class D felony for prescribing or providing under certain circumstances takes affect.

This proposal also extends from July 1, 1999, to July 1, 2001, the expiration date for the Central Repository for Controlled Substances and the Controlled Substances Data Fund, which finances the operation of the repository. Currently, the Health Professions Bureau contracts with the National Center for Controlled Prescription Monitoring to provide the central repository service at a cost of \$102,000 each year. The Criminal Justice Institute provides \$26,000 in State General Fund money annually for the contract, and the Edward Byrne federal grant contributes \$76,000 annually.

The law establishing the Central Repository and the federal grant expire at the end of fiscal year 1999. (There is a small possibility that federal funding might become available again should a new grant proposal be approved.) Without federal funding, the state would be responsible for the entire \$102,000 for each year of the two-year extension. The bill does not appropriate funds for this program, and for fiscal years 2000-2001,

the Budget Agency has not built the necessary amount into the Bureau's budget.

The resources required could be supplied through a variety of sources, including the following: (1) Existing resources not currently being used to capacity; (2) Existing resources currently being used in another program; (3) Funding for authorized but vacant staff positions could be redirected to other operating expenses; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. (As of 12-31-98, the State Personnel Manning table reported that the Bureau had three vacancies.) Ultimately, the source of the resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions. If the proposal passed, and the Bureau could not reprogram dollars or obtain additional funding, the agency could ask the Budget Agency to use money from the Budget Agency Contingency Fund.

*As a point of information*, the repository monitors all of Indiana's 1,400 pharmacies. The annual volume of prescriptions monitored is an estimated 250,000. Program information is used by local, state, and federal law enforcement officials.

**Explanation of State Revenues:** The maximum fine for a Class D felony is \$10,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, county or municipal court (courts of record), 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered is deposited in the State General Fund. If the case is filed in a city or town court, 55% of the fee is deposited in the State General Fund.

**Explanation of Local Expenditures:** Although the impact of the proposal is not expected to be significant, if fewer defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may decrease somewhat. The average cost per day is approximately \$44.

**Explanation of Local Revenues:** If fewer court actions and guilty verdicts occur, local governments would receive less revenue for the following funds: (1) The county general fund receives 27% of the \$120 court fee assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee is deposited in the county general fund and 25% is deposited in the city or town general fund. (2) A \$3 fee is assessed, and if collected, is deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed, and if collected, is deposited into the county user fee fund to supplement the compensation of jury members.

**State Agencies Affected:** Health Professions Bureau and the Department of Correction.

**Local Agencies Affected:** Trial courts and local law enforcement agencies.

**Information Sources:** Joe Rice, Budget Analyst, State Budget Agency (317) 232-5629; Indiana Sheriffs Association; Catherine O'Connor, Indiana Criminal Justice Institute.