

1 HB8  
2 171700-1  
3 By Representative Beech  
4 RFD: Ways and Means General Fund  
5 First Read: 08-SEP-15

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8 SYNOPSIS: Under existing law, there is a privilege tax  
9 upon providers of pharmaceutical services. This  
10 bill will create a supplemental privilege tax of 15  
11 cents for each prescription filled or refilled for  
12 a citizen of Alabama to be collected during fiscal  
13 years 2016 and 2017.

14  
15 A BILL  
16 TO BE ENTITLED  
17 AN ACT

18  
19 Relating to the privilege tax upon providers of  
20 pharmaceutical services; to provide a supplemental privilege  
21 tax of 15 cents for each prescription filled or refilled for a  
22 citizen of Alabama to be collected during fiscal years 2016  
23 and 2017.

24 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

25 Section 1. (a) Effective August 1, 2015, there is  
26 hereby created a supplemental privilege tax on the business  
27 activities of every provider of pharmaceutical services to the

1 citizens of Alabama, except for a pharmacy, or portion  
2 thereof, serving hospital in-patients or pharmacies owned or  
3 operated by the State of Alabama or an agency thereof for  
4 collection in fiscal years 2016 and 2017. The supplemental  
5 privilege tax imposed is in addition to all other taxes of any  
6 kind now imposed by law, including without limitation, the  
7 privilege taxes provided for under Article 1, Chapter 26B of  
8 Title 40, Code of Alabama 1975, and shall be at the rate of 15  
9 cents for each prescription filled or refilled for a citizen  
10 of Alabama.

11 (b) The supplemental privilege tax created by this  
12 act shall be collected, administered, and distributed in the  
13 same manner as the privilege taxes provided for in Article 1,  
14 Chapter 26B of Title 40, Code of Alabama 1975.

15 Section 2. The Centers for Medicare and Medicaid  
16 Services (CMS) is the federal agency responsible for the  
17 administration and oversight of the State of Alabama Medicaid  
18 program. It is the intent of the Legislature that the revenue  
19 generated from this supplemental privilege tax will be  
20 eligible for Federal Medicaid Assistance Percentage (FMAP),  
21 being that portion of funds paid by the federal government to  
22 the State of Alabama for its federal share of expenditures for  
23 providing and administering the State's Medicaid Program. The  
24 supplemental privilege tax imposed under this Act shall  
25 immediately cease to be imposed if CMS determines that the  
26 supplemental privilege tax under this Act is not eligible for  
27 FMAP.

1           Section 3. The Alabama Medicaid Agency shall file  
2 with CMS a Medicaid State Plan amendment requesting an  
3 appropriate increase in the pharmacy dispensing fee included  
4 in the state reimbursement amount paid to participating  
5 pharmacies and/or pharmacist no later than 60 days after the  
6 effective date of this Act. Subject to CMS approval, Medicaid  
7 shall seek an effective date of October 1, 2015 for the  
8 Medicaid State Plan amendment. The supplemental privilege tax  
9 imposed under this Act shall immediately cease to be imposed  
10 if CMS fails to approve an appropriate dispensing fee pursuant  
11 to a properly filed Medicaid State Plan amendment.

12           Section 4. The supplemental privilege tax imposed  
13 under this Act shall immediately cease to be imposed if the  
14 dispensing fee is reduced below the proposed increase  
15 referenced in Section 3.

16           Section 5. The supplemental privilege tax imposed  
17 under this act shall cease to be collected on or before  
18 September 30, 2017 unless enabling legislation for its  
19 continuance is enacted by the Legislature.

20           Section 6. This act shall become effective  
21 immediately following its passage and approval by the Governor  
22 or its otherwise becoming law.