

## 1 SENATE BILL NO. 322

2 INTRODUCED BY R. WEBB

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A LICENSE ENDORSEMENT FOR WHOLESALE  
5 PRESCRIPTION DRUG DISTRIBUTORS WHO BRING OPIOID DRUGS INTO MONTANA; ESTABLISHING AN  
6 ENDORSEMENT FEE; PROVIDING FOR USE OF THE FEE; PROVIDING RULEMAKING AUTHORITY; AND  
7 AMENDING SECTIONS 37-7-324 AND 37-7-605, MCA."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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11 NEW SECTION. **Section 1. Drug education and abuse prevention, criminal diversion, and medical**  
12 **education grants -- eligibility -- reporting requirements -- rulemaking.** (1) The department of justice shall  
13 provide:

14 (a) drug education and abuse prevention grants to youth development organizations that provide  
15 comprehensive after-school and summer experiences that include drug abuse prevention education, youth  
16 mentoring, social and emotional support, and college and career exploration;

17 (b) criminal diversion grants to establish or support drug treatment courts operating in accordance with  
18 Title 46, chapter 1, part 11; and

19 (c) medical education grants to Montana university system units that educate and train students in the  
20 practice of psychiatry or nursing.

21 (2) Drug education and abuse prevention grants may be provided only to a youth development  
22 organization that:

23 (a) acts as an administrative umbrella organization for member organizations that provide youth  
24 development programs outside of normal school hours to children who are 6 to 18 years of age; and

25 (b) has member organizations in at least 10 communities statewide.

26 (3) The department may adopt rules establishing grant application and award criteria.

27 (4) An entity that receives a drug education and abuse prevention grant shall report to the department  
28 on:

29 (a) the demographics of the children served;

30 (b) program attendance and participation; and

1 (c) whether and how the attitudes of program participants related to substance abuse changed during  
2 their time in the program.

3 (5) A drug treatment court that receives a criminal diversion grant shall report to the department on the  
4 number of individuals diverted into a drug treatment program, the types of drug treatment services each individual  
5 received, and the outcome of the cases diverted into the treatment program.

6 (6) A Montana university system unit that receives a medical education grant shall report to the  
7 department on the number of students participating in the program receiving grant funds.

8 (7) The department shall adopt rules establishing criteria for applying for, evaluating, and awarding  
9 grants under this section.

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11 **NEW SECTION. Section 2. Drug education, criminal diversion, and medical education account.**

12 (1) There is a drug education, criminal diversion, and medical education account in the state special revenue fund  
13 provided for in 17-2-102 to the credit of the department of justice.

14 (2) Money from the fee provided for in 37-7-605(5) must be deposited in the account.

15 (3) The department shall use:

16 (a) one-third of the money in the account to provide drug education and abuse prevention grants to youth  
17 development organizations;

18 (b) one-third of the money to support medical education programs focusing on the practice of psychiatry  
19 or nursing; and

20 (c) one-third of the money to support drug treatment courts.

21 (4) All interest and income earned on the account must be deposited in the account.

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23 **Section 3.** Section 37-7-324, MCA, is amended to read:

24 **"37-7-324. Deposit of fees and fines.** (1) Fines paid under this chapter, except those paid to a justice's  
25 court, ~~and fees collected by the department for registration and licenses issued under this chapter shall~~ must be  
26 deposited in the state special revenue fund for the use of the board, subject to 37-1-101(6).

27 (2) Except as provided in subsection (3), fees collected by the department for registration, licenses, and  
28 endorsements issued under this chapter must be deposited in the state special revenue fund for the use of the  
29 board, subject to 37-1-101(6).

30 (3) Endorsement fees paid by wholesale distributors pursuant to 37-7-605(5) must be deposited in the

1 special revenue account provided for in [section 2]."

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3 **Section 4.** Section 37-7-605, MCA, is amended to read:

4 **"37-7-605. Out-of-state licensing requirements -- endorsement to distribute opioid-containing**  
5 **drugs -- fee.** (1) An out-of-state wholesale distributor, third-party logistics provider, manufacturer, or repackager

6 may not conduct business in this state without first:

7 (a) obtaining a license from the board and paying the license fee established by the board; and

8 (b) obtaining a license endorsement and paying the endorsement fee required under this section if the  
9 wholesale distributor is bringing prescription drugs containing an opioid into this state.

10 (2) Application for a license or endorsement under this section must be made on an approved form.

11 (3) The issuance of a license or endorsement may not affect tax liability imposed by the department of  
12 revenue on any out-of-state license.

13 (4) A person acting as principal or agent for an out-of-state licensee may not sell or distribute prescription  
14 drugs in this state unless the wholesale distributor, third-party logistics provider, manufacturer, or repackager has  
15 obtained a license.

16 (5) (a) A wholesale distributor shall pay an annual fee of \$5 million for the endorsement required under  
17 this section.

18 (b) A wholesale distributor that has common ownership of multiple locations that are licensed as  
19 wholesale distributors and that distribute opioid-containing prescription drugs:

20 (i) needs only one endorsement for all licensed locations; and

21 (ii) is not required to pay a separate fee for each licensed location."

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23 **NEW SECTION. Section 5. Direction to department of labor and industry.** The legislature intends  
24 for the department of labor and industry to collect the endorsement fee for fiscal year 2020 no later than  
25 December 31, 2019.

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27 **NEW SECTION. Section 6. Codification instruction.** [Sections 1 and 2] are intended to be codified  
28 as an integral part of Title 44, chapter 4, and the provisions of Title 44, chapter 4, apply to [sections 1 and 2].

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