

PHARMACY BUSINESS LICENSE FEES: HB58/SB31

The Alabama Legislature needs to pass legislation to ensure pharmacy owners are charged fairly for their business license fees.

PHARMACY OWNERS SHOULD BE CHARGED FAIRLY FOR BUSINESS LICENSES

- Some Alabama municipalities calculate pharmacy business license fees based upon gross receipts for prescription medication sales.
- Prescription medications are exempt from gross sales tax pursuant to Code of Alabama §40-23-2. This is a back-door tax on prescriptions.
- Depending upon the municipality in which it is located, a pharmacy may be charged anywhere from \$100 to **tens of thousands of dollars** per year for their business license. This variance is because some municipalities include prescription sales in the calculation while others do not.
- The drastic increase in prescription drug prices is causing business license fees to skyrocket. And yet, the pharmacy is not making any more money on the prescription.
- The dispensing of prescription medications constitutes a professional service and should be viewed in the same manner as other professional services such as those of a lawyer, dentist or physician.
- This is not precedent setting legislation as pharmacy is the only health care provider whose professional services are treated as retail.

THE FIX

- The Alabama House passed this bill during the last regular session with a vote of 77-5.
- This legislation exempts prescription drugs from the calculation of gross receipts for the purposes of business license fee determination.
- This bill would provide a level-playing field for all pharmacy owners in the state.
- **NOTE: This bill does not impact gross receipts from non-pharmaceutical purchases. All retail sales other than prescriptions are not affected.**
- While this change may impact some city's budgets negatively, APA strongly believes it isn't right for a city to balance their budget on the backs of community pharmacy owners. These are the business owners who fund community little league teams, buy ads in school sports programs, and donate to local charities. They need to be treated the same as other professional health care providers in the city.

ALABAMA PHARMACIES SERVE THE COMMUNITY

- Community pharmacies provide jobs for thousands of Alabamians.
- Approximately 1,500 community pharmacies are located in Alabama.
- Community pharmacies provide access to cost-effective prescription and non-prescription medicines which help keep our workforce, our seniors and our children healthy.
- In many smaller communities, pharmacies are the primary local healthcare resource.

This legislation would require no additional state appropriations.

The Alabama Pharmacy Association (APA) is a nonprofit professional organization with over 2,600 members statewide. Members take a leading role in lobbying for pharmacy at the state and national level. APA was established in 1881 and is the oldest professional organization for pharmacy in the state. APA members represent all practices of pharmacy and are committed to their profession and their patients. Please contact Louise Jones at 334-271-4222 or Ljones@aparx.org with any questions.

