

JOHN J. VIOLA
STATE REPRESENTATIVE
Twenty - Sixth District



HOUSE OF REPRESENTATIVES
STATE OF DELAWARE
LEGISLATIVE HALL
DOVER, DELAWARE 19901

COMMITTEES
Gaming & Pari-mutuels, Chair
Revenue & Finance, Chair
Capital Infrastructure
Economic Development,
Banking, Insurance &
Commerce
Housing & Community Affairs

Revenue and Finance Committee
Meeting Minutes
June 17, 2010

Chairman Viola called the meeting to order at 1:14 p.m. Members present included Reps. Brady, Hocker, Hudson, Ramone and B. Short. For a list of guests present please see attached.

Chairman Viola chose to address **HB 477 AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATED TO THE DELAWARE WHOLESALE LICENSE FEE**. This bill was written with the cooperation of the Division of Revenue after requests were issued from Cardinal Health and Express Scripts. **HB 477** clarifies that a pharmaceutical wholesaler that ships pharmaceutical drugs to a distribution wholesaler in Delaware is exempt from the gross receipts tax.

Rep. Hocker asked whether only one wholesaler would be affected, and Patrick Carter, Director of the Division of Revenue, responded by saying yes it is only one mail order wholesaler. Currently Cardinal Health is not subject to gross receipt taxes because the company does not deliver in Delaware. Chairman Viola commented that Express Scripts, with operations in New Castle County, has the potential to leave Delaware because of the current shipping situation. Rep. Ramone speculated that retail drug stores in Delaware could be negatively affected by the legislation. Mr. Carter explained that there should not be a negative impact because of the distinction between mail order and walk-in customers. Chairman Viola clarified further by citing that in his personal experience the price is the same whether he purchases prescriptions at a pharmacy or receives them through the mail. Overall, it comes down to customer choice between the two options. Christine Schultz, representing Express Drugs, commented that most of their shipments are out of Delaware anyway—further limiting the risk of negatively affecting retail pharmacies. Chairman Viola then mentioned that concerns voiced by a particular group had been addressed through tight regulations assured by the Division of Revenue. Finally, Phil Coling, on behalf of AstraZeneca, wondered how the bill might affect the company and why the legislation took so long. Chairman Viola directed his attention to the recent court case that brought the need for clarification to light.

Rep. Hudson moved to release the bill; Rep. Hocker seconded the motion. The bill was released from committee on a 2-5-0 vote.

Chairman Viola adjourned the meeting at 1:30 p.m.

Respectfully submitted,
Kaylynn Palaio