Department of Legislative Services

Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 982 (The President, *et al.*) (By Request - Office of the Attorney General)

Judicial Proceedings Health and Government Operations

Controlled Dangerous Substances - Distributors - Reporting Suspicious Orders

This bill requires a registrant distributor of controlled dangerous substances (CDS) to report any suspicious order of CDS to the Maryland Department of Health (MDH) and the Office of the Attorney General. Such orders include an order (1) of unusual size; (2) of unusual frequency; or (3) that deviates substantially from a normal pattern. A registrant distributor may satisfy the bill's reporting requirement by providing copies of reports made under specified federal regulations.

Fiscal Summary

State Effect: The bill's requirements can be handled with existing resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: Reports made under the bill must be maintained confidentially, unless disclosed in the course of an administrative, civil, or criminal investigation or proceeding initiated to enforce local, State, or federal law or to protect public health.

Current Law/Background: CDS are listed on one of five schedules (Schedules I through V) set forth in statute depending on their potential for abuse and acceptance for medical use. Under the federal Controlled Substances Act, for a drug or substance to be classified

as Schedule I, the following findings must be made: (1) the substance has a high potential for abuse; (2) the drug or other substance has no currently accepted medical use in the United States; and (3) there is a lack of accepted safety for use of the drug or other substance under medical supervision.

A person must be registered by MDH before manufacturing, distributing, or dispensing CDS in the State. An applicant must obtain a separate registration for each principal place of business or professional practice where the applicant manufactures, distributes, or dispenses CDS. A registrant may manufacture or distribute only a CDS that is specified in the registration. A manufacturer or distributor who complies with federal law on registration, other than fees, is deemed to have complied with State registration requirements.

Federal regulations require registered CDS manufacturers, distributors, and dispensers to design and operate a system to identify suspicious orders of CDS. Registrants must inform the appropriate Field Division Office of the federal Drug Enforcement Administration (DEA) of suspicious orders, which include orders (1) of unusual size; (2) deviating substantially from a normal pattern; and (3) of unusual frequency.

According to DEA, CDS registrants are advised to follow a "know your customer policy" in order to identify suspicious orders; registrants should "take reasonable measures to identify their customers, understand the normal and expected transactions typically conducted by those customers, and, consequently, identify those transactions conducted by their customers that are suspicious in nature."

Additional Information

Prior Introductions: None.

Cross File: HB 1480 (The Speaker, *et al.*) (By Request - Office of the Attorney General) - Health and Government Operations.

Information Source(s): U.S. Drug Enforcement Administration; Office of the Attorney General; Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2018
mag/jc Third Reader - March 12, 2018
Revised - Other - March 12, 2018

Analysis by: Sasika Subramaniam

Direct Inquiries to:
(410) 946-5510
(301) 970-5510