

HOUSE BILL 1195

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EMERGENCY BILL

9lr2023

By: **Delegates Montgomery, Bartlett, Bobo, Carr, G. Clagett, Hecht, Hucker, Manno, Rice, Robinson, and Stull**

Introduced and read first time: February 13, 2009

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Prescription Drugs – Wholesale Drug Distribution – Surety Bond**
3 **Requirements**

4 FOR the purpose of altering surety bond requirements for an applicant for a wholesale
5 distributor permit; specifying the entity to which the surety bond is payable;
6 specifying the amount of the surety bond, depending on certain receipts of the
7 applicant; making this Act an emergency measure; and generally relating to
8 surety bond requirements for applicants for wholesale drug distributor permits.

9 BY repealing and reenacting, with amendments,
10 Article – Health Occupations
11 Section 12–6C–05(f)
12 Annotated Code of Maryland
13 (2005 Replacement Volume and 2008 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article – Health Occupations**

17 12–6C–05.

18 (f) (1) This subsection does not apply to a pharmacy warehouse that is
19 not engaged in wholesale distribution.

20 (2) (I) An applicant for a wholesale distributor permit shall submit
21 a surety bond [of at least \$100,000,] or other equivalent means of security acceptable
22 to the [State] **STATE**, such as an irrevocable letter of credit or a deposit in a trust
23 account or financial institution, payable to **THE MARYLAND BOARD OF PHARMACY**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **TO BE DEPOSITED INTO** an account established by the State under paragraph (6) of
2 this subsection.

3 **(II) THE SURETY BOND SHALL BE IN THE AMOUNT OF:**

4 **1. \$100,000, IF THE ANNUAL GROSS RECEIPTS OF**
5 **THE APPLICANT FOR THE PREVIOUS TAX YEAR ARE \$10,000,000 OR MORE; OR**

6 **2. \$50,000, IF THE ANNUAL GROSS RECEIPTS OF THE**
7 **APPLICANT FOR THE PREVIOUS TAX YEAR ARE LESS THAN \$10,000,000.**

8 (3) The purpose of the surety bond is to secure payment of any fines or
9 penalties imposed by the Board and any fees and costs incurred by the State relating
10 to the permit that:

11 (i) Are authorized under State law; and

12 (ii) Are not paid by the permit holder within 30 days after the
13 fines, penalties, fees, or costs become final.

14 (4) The State may make a claim against the surety bond or other
15 security until 2 years after the permit holder's permit ceases to be valid.

16 (5) A single surety bond shall cover all facilities operated by the
17 applicant in the State.

18 (6) The Board shall establish an account, separate from its other
19 accounts, in which to deposit the applicant's surety bond or other security.

20 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act is an emergency
21 measure, is necessary for the immediate preservation of the public health or safety,
22 has been passed by a ye and nay vote supported by three-fifths of all the members
23 elected to each of the two Houses of the General Assembly, and shall take effect from
24 the date it is enacted.