



September 15, 2021

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

**Re: AB 1533 (Business & Professions Committee) Board of Pharmacy Sunset Extension –
OPPOSE**

Dear Governor Newsom,

The California Retailers Association (CRA) and National Association of Chain Drug Stores (NACDS) write to inform you that we have significant concerns with specific provisions of AB 1533, the Board of Pharmacy sunset bill, that will allow the California Board of Pharmacy to levy penalties of up to \$150,000 on chain pharmacies that would be excessive and disproportionate to the violations in question. AB 1533 will have a negative impact on community pharmacies in California, which will jeopardize access to critical healthcare services.

The California Retailers Association is the only statewide trade association representing all segments of the retail industry including general merchandise, department stores, mass merchandisers, restaurants, convenience stores, supermarkets and grocery stores, chain drug, and specialty retail such as auto, vision, jewelry, hardware and home stores. CRA works on behalf of California's retail industry, which operates over 400,000 retail establishments with a gross domestic product of billions of dollars annually and employs millions of Californians.

The National Association of Chain Drug Stores represents traditional drug stores, supermarkets and mass merchants with pharmacies. Chains operate over 40,000 pharmacies, and NACDS' over 80 chain member companies include regional chains, with a minimum of four stores, and national companies. Chains employ nearly 3 million individuals, including 155,000 pharmacists. They fill over 3 billion prescriptions yearly, and help patients use medicines correctly and safely, while offering innovative services that improve patient health and health care affordability.

CRA's and NACDS' members are supportive of extending the sunset of the Board of Pharmacy, as well as the Board's mission to protect patient safety. We also appreciate the Board's enforcement authority, including its authority to cite and fine pharmacies for pharmacy law violations. While we understand the author's objective to ensure penalties are meaningful deterrents for violations, the Board's existing cite and fine authority achieves this goal. Currently, the Board of Pharmacy imposes fines of up to \$5,000 per violation. AB 1533 proposes to significantly increase that fine from \$5,000 to \$150,000. This is an unprecedented increase that may result in pharmacy closures, reducing access to critical pharmacy services throughout the state. Our members take every violation and fine seriously and take efforts to avoid similar

finances in other stores. Fines at the individual pharmacy level do add up and have a considerable financial impact on our members.

We understand that without AB 1533, the Board of Pharmacy will sunset and cease to operate, and we fully support the continued existence of the Board. If this bill is signed, we urge your Administration and the Board of Pharmacy to add clarity to the chain pharmacy penalty provisions via regulation. As currently written, there is no assurance that the level of fines imposed by the Board will be appropriate to the level of the violation in question.

In this unprecedented time, our members and their pharmacy teams have risen to the challenge and provided millions of COVID-19 tests and vaccinations to patients throughout the country. CRA and NACDS share the Board of Pharmacy's goal to protect patients and are committed to serving Californians in their communities. While the expanded fine authority in AB 1533 is well-intentioned, the fines are excessive and may threaten the ability of our members to continue to operate and meet the demand for critical services. We are committed to working with your Administration, including the Board of Pharmacy, to ensure AB 1533 is implemented in a meaningful manner that protects patients and allows chain pharmacies to continue to operate in California.

Please do not hesitate to contact Jennifer Snyder or Lindsay Gullahorn with Capitol Advocacy at jsnyder@capitoladvocacy.com or lgullahorn@capitoladvocacy.com, or (916) 549-7817 if you have any questions.

Sincerely,



Rachel Michelin, President
California Retailers Association



Steve C. Anderson, FASAE, CAE, IOM
President & Chief Executive Officer
National Association of Chain Drug Stores

cc: The Honorable Evan Low, Chair, Assembly Business & Professions Committee
Stuart Thompson, Chief Deputy Legislative Secretary, Office of Governor Newsom
Anne Sodergren, Executive Officer, Board of Pharmacy
Robert Sumner, Chief Consultant, Assembly Business & Professions Committee