



March 1, 2022

**House Committee on Revenue**

**Senate Bill 1524-A Engrossed**

Dear Chair Nathanson, Vice-Chair Pham, Vice-Chair Reschke, and Committee Members:

Senate Bill 1524-A Engrossed, with new language in Section 10. on page 12 of the bill, grants “eligible pharmacies” exclusion from the definition of commercial activity exemption from the State’s Corporate Activity Tax (CAT). While we understand that this particular exemption has been narrowly considered and focuses on relief for small, mostly rural and independent human pharmacies, we question why veterinary practices have not been included. There are 750-plus registered veterinary practices across all regions of Oregon. Approximately 65% of them are independently owned – similar to those small business pharmacies noted in the bill – and the majority dispense necessary prescription drugs to treat their animal patients.

Healthcare costs for animals – pets and livestock – are subject to the same price pressures as human healthcare and practices operate on extremely low margins (5-15% on average). Approximately 80% of the medications used and dispensed through veterinary practices are FDA-approved human drugs identical to those dispensed through community pharmacies (and with the same supply chain). Indeed, many of our pet patients are prescribed these drugs through those community pharmacies after initial dispensing by the veterinary practice.

Shouldn’t an exemption from the CAT for pharmaceutical sales be fairly extended to veterinary clinics which dispense many identical drugs under the same regulatory framework of the Oregon Board of Pharmacy? This is particularly urgent for clients of 24-hour veterinary emergency hospitals who have been discharged after business hours and often are not be able to obtain the prescription from any dispensing pharmacy aside from the veterinary practice.

We are doing all we can to keep veterinary care affordable, particularly during a time when companion animals have become more essential to our mental health. We understand there will be further discussions on this issue during the interim. The OVMA looks forward to participating in them.

Thank you for your time.

Sincerely,

*Heidi*

Heidi Houchen, DVM, President