

# Vermont Legislative Joint Fiscal Office

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## FISCAL NOTE

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### S.139 House Committee on Ways and Means Amendment

An Act Relating to Pharmacy Benefit Managers and Hospital Observation Status

Sections 30 – 30e are a two-phase increase in the cigarette tax and the tax on some other tobacco products (snuff and snuz). In FY 2016 there is a 10 cent increase from \$2.75 per pack to \$2.85 per pack, and then in FY 2107 an additional 23 cents from \$2.85 per pack to \$3.8 per pack. This is estimated to raise \$800,000 additional revenue in the first year and \$2.4 million in the second phase. The corresponding increases in the OTP based on weight are from \$2.29 per ounce, to \$2.38 per ounce in FY 2016 and then \$2.57 per ounce in FY 2017. This is estimated to increase revenue by \$300,000 in the first year and an additional \$700,000 in the second.

Sections 30f and 30g apply the meals tax to food or beverages sold through a vending machine. This is estimate to raise \$1.0 million in FY 2016.

Section 30h extends the sales tax to soft drinks and candy in FY 2016. These are estimated to raise \$10.4 million in new revenue of which 65% or \$6.8 million is General Fund revenue and the remaining 35% or \$3.6 million is Education Fund revenue.

Lastly, Section 30i adjusts the non-residential property tax rate from \$1.59 to \$1.515. This is one penny lower than the rates set earlier this session and the same rate as last year. The cost of this provision is covered the additional revenue from the sales tax on soft drinks and candy.

### Revenue Change Summary

S.139 Amendment	7/1/2015	FY16 Fund Split		7/1/2016	FY17 Fund Split	
	<b>FY16</b>	<b>GF</b>	<b>EF</b>	<b>FY17</b>	<b>GF</b>	<b>EF</b>
Candy (6% Sales Tax)	2.5	1.6	0.9	2.8	1.8	1.0
Soft Drinks (6% Sales Tax)	7.9	5.1	2.8	8.9	5.8	3.1
Vending (9% Meals Tax)	1.0	1.0		1.1	1.1	
Cig tax FY16 10c / FY17 33c	0.8	0.8		2.4	2.4	
OTP (snuff/snuz) - see above	0.3	0.3		0.7	0.7	
\$1.515 Non Residential Rate	(3.6)		(3.6)	N/A		
	<u>8.8</u>	<u>8.8</u>	<u>0.0</u>	<u>15.9</u>	<u>11.9</u>	<u>4.1</u>