

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

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H.879 – An act relating to the Health Care Fund contribution assessment and the taxation of e-cigarettes.

H.873 (the Miscellaneous Tax Bill) as passed the House 3/25/16 creates a tiered employer assessment and eliminates the exemption for the first four uncovered FTEs for employers that have 20 or more uncovered FTEs (Exhibit A). H.879 expands on the Miscellaneous Tax bill by further reducing the assessment for the 20-99 and 100+ tiers as shown below in Exhibit B. The revised employer assessment scenario in H.879 reduces revenues by \$485,000 compared to what was passed in the Miscellaneous Tax Bill (H.873).

The bill also expands the definition of “Other tobacco products” to include e-cigarettes for purposes of taxation. Using national sales data scaled to Vermont, the potential new revenue from applying the 92% tax on the wholesale price on all e-cigarette products could generate approximately \$475,000 new revenue in FY 2017.

# Uncovered FTEs per Employer	Current Law		Exhibit A Misc. Tax Bill - as passed the House			Exhibit B H.879		
	Qrtly Rate	FTE Exemptions	New Rate	Proposed FTE Exemption	Est. New Revenue (millions)	New Rate	Proposed FTE Exemption	Est. New Revenue (millions)
1 - 19	\$151.12	4	\$151.12 <i>(No Change)</i>	4 <i>(No Change)</i>	\$0	\$151.12 <i>(No Change)</i>	4 <i>(No Change)</i>	\$0
20-99			\$210.00	0	\$2.77	<u>\$200.00</u>	0 <i>(No change from Misc. Tax Bill)</i>	\$2.38
100+			\$249.00		\$2.18	<u>\$244.00</u>		\$2.07
					\$4.95			\$4.45
					<i>Less state liability</i>			\$0.08
				Est. SFY'17	\$4.86			\$4.38
						Est. E-cigs revenue		\$0.48
						TOTAL		\$4.85