

H.481 Integrated bill draft including amendments from HAC and HWM

* * * Strengthening Affordability and Access to Health Care * * *

Sec. 1. 33 V.S.A. § 1812(b) is amended to read:

(b)(1) An individual or family with income at or below 300 percent of the federal poverty guideline shall be eligible for cost-sharing assistance, including a reduction in the out-of-pocket maximums established under Section 1402 of the Affordable Care Act.

(2) The Department of Vermont Health Access shall establish cost-sharing assistance on a sliding scale based on modified adjusted gross income for the individuals and families described in subdivision (1) of this subsection. Cost-sharing assistance shall be established as follows:

(A) for households with income at or below 150 percent of the federal poverty level (FPL): 94 percent actuarial value;

(B) for households with income above 150 percent FPL and at or below 200 percent FPL: 87 percent actuarial value;

(C) for households with income above 200 percent FPL and at or below 250 percent FPL: ~~77~~ 83 percent actuarial value;

(D) for households with income above 250 percent FPL and at or below 300 percent FPL: ~~73~~ 79 percent actuarial value.

(3) Cost-sharing assistance shall be available for the same qualified health benefit plans for which federal cost-sharing assistance is available and administered using the same methods as set forth in Section 1402 of the Affordable Care Act.

Sec. 2. COST-SHARING SUBSIDY; APPROPRIATION

(a) Increasing the cost-sharing subsidies available to Vermont residents will not only make it easier for people with incomes below 300 percent of the federal poverty level to access health care services, but it may encourage some residents without insurance to enroll for coverage if they know they will be able to afford to use it.

(b) The sum of \$761,308.00 is appropriated from the General Fund to the Department of Vermont Health Access in fiscal year 2016 for the Exchange cost-sharing subsidies for individuals at the actuarial levels in effect on January 1, 2015.

(c) The sum of \$2,000,000.00 is appropriated from the General Fund to the Department of Vermont Health Access in fiscal year 2016 to increase Exchange cost-sharing subsidies beginning on January 1, 2016 to provide coverage at an 83 percent actuarial value for individuals with incomes between 200 and 250 percent of the federal poverty level and at a 79 percent actuarial value for individuals with incomes between 250 and 300 percent of the federal poverty level.

Sec. 3. INVESTING IN PRIMARY CARE AND PROFESSIONAL SERVICES

(a) The sum of \$13,221,052.00 in Global Commitment funds is appropriated to the Department of Vermont Health Access in fiscal year 2016 to increase reimbursement rates to providers for services provided to Medicaid beneficiaries.

(b) In allocating the funds appropriated pursuant to this section, the Department of Vermont Health Access shall direct \$7,000,000.00 in Global Commitment funds to rate increases for primary care providers beginning on July 1, 2015. Beginning on January 1, 2016, the Department shall direct \$1,000,000.00 in Global Commitment funds to the providers at Dartmouth Hitchcock Medical Center for services provided to Vermont Medicaid beneficiaries in recognition of their important role in providing health care to

Vermont residents. The Department shall use the remaining \$5,221,052.00 for professional services rate increases for services provided to Medicaid beneficiaries beginning on July 1, 2015.

Sec. 4. COST SHIFT ACCOUNTABILITY

(a) The Green Mountain Care Board shall account for any impact on the cost shift of the investments in Sec. 3 of this act through its regulatory authority over hospital budgets and health insurer rates. The Board shall include its assessment of the impacts in its annual report pursuant to 18 V.S.A. § 9375(d).

(b) Each nonprofit hospital service corporation established pursuant to 8 V.S.A. chapter 123, nonprofit medical service corporation established pursuant to 8 V.S.A. chapter 125, and any other health insurer licensed to offer major medical health insurance plans in this State shall adjust its reimbursements to health care providers and premiums or administrative fees charged to account for the impact of investing funds in Medicaid provider reimbursement in order to ensure the cost shift is reduced to the fullest extent possible.

Sec. 5. RATE INCREASES FOR OTHER MEDICAID PROVIDERS

(a) The sum of \$6,794,743.00 in Global Commitment funds is appropriated to the Agency of Human Services in fiscal year 2016 for the purpose of increasing reimbursement rates beginning on July 1, 2015 for providers under contract with the Departments of Disabilities, Aging, and Independent Living, of Mental Health, of Corrections, of Health, and for Children and Families to provide services to Vermont Medicaid beneficiaries.

(b) The sum of \$200,000.00 in Global Commitment funds is appropriated to the Department of Vermont Health Access in fiscal year 2016 for the purpose of implementing prospective payments to home health agencies, as defined in 33 V.S.A.

§ 1951, beginning on July 1, 2015 for medical services provided to Medicaid beneficiaries, including participants in the Choices for Care program.

Sec. 5a. HOUSEHOLD INSURANCE SURVEY; CONTRACT AMENDMENT

The sum of \$150,000.00 is appropriated from the General Fund to the Agency of Administration in fiscal year 2016 for the purpose of amending, in consultation with the Department of Financial Regulation, the contract with the vendor responsible for the 2014 household health insurance survey to provide for a follow-up survey assessing the impact of the 2015 Exchange open enrollment period on the rate of uninsured in Vermont.

* * * Strengthening Primary Care * * *

Sec. 6. BLUEPRINT FOR HEALTH INCREASES

(a) The sum of \$5,746,492.00 in Global Commitment funds is appropriated to the Department of Vermont Health Access in fiscal year 2016 to increase payments to patient-centered medical homes, increase payments to community health teams, and rebalance community health teams as described in subsection (b) of this section.

(b) The Department of Vermont Health Access shall:

(1) Increase payments to the Blueprint for Health community health teams under 18 V.S.A. § 705 by \$1,171,802.00 in Global Commitment funds beginning on July 1, 2015.

(2) Adjust payments for community health teams under 18 V.S.A. § 705 to reflect revised patient attribution and the market share of insurers and Medicaid. Payments may be modified as set forth in 18 V.S.A. § 702(b) and insurers shall participate in the new payment amounts as required by 18 V.S.A. § 706. Beginning on July 1, 2015, the

Department shall increase its payments to reflect increased Medicaid enrollment by an amount up to \$935,666.00.

(3) Increase payments to patient-centered medical homes under 18 V.S.A. § 704 by \$3,639,024.00 in Global Commitment funds beginning on July 1, 2015.

(c) In its use of the funds appropriated in this section, the Blueprint for Health shall work collaboratively to begin including family-centered approaches and adverse childhood experience screenings consistent with the report entitled “Integrating ACE-Informed Practice into the Blueprint for Health.” Considerations should include prevention, early identification, and screening, as well as reducing the impact of adverse childhood experiences through trauma-informed treatment and suicide prevention initiatives.

Sec. 7. AREA HEALTH EDUCATION CENTERS

The sum of \$700,000.00 in Global Commitment funds is appropriated to the Department of Health in fiscal year 2016 for a grant to the Area Health Education Centers for repayment of educational loans for health care providers and health care educators.

* * * Consumer Information, Assistance, and Representation * * *

Sec. 8. OFFICE OF THE HEALTH CARE ADVOCATE;

APPROPRIATION; INTENT

(a) The Office of the Health Care Advocate has a critical function in the Vermont’s health care system. The Health Care Advocate provides information and assistance to Vermont residents who are navigating the health care system and represents their

interests in interactions with health insurers, health care providers, Medicaid, the Green Mountain Care Board, the General Assembly, and others. The continuation of the Office of the Health Care Advocate is necessary to achieve additional health care reform goals.

(b) The sum of \$40,000.00 is appropriated from the General Fund to the Agency of Administration in fiscal year 2016 for its contract with the Office of the Health Care Advocate.

(c) It is the intent of the General Assembly that, beginning with the 2017 fiscal year budget, the Governor's budget proposal developed pursuant to 32 V.S.A. chapter 5 should include a separate provision identifying the aggregate sum to be appropriated from all State sources to the Office of the Health Care Advocate.

Sec. 9. CONSUMER INFORMATION AND PRICE TRANSPARENCY

The Green Mountain Care Board shall evaluate potential models for providing consumers with information about the cost and quality of health care services available across the State, including a consideration of the models used in Maine, Massachusetts, and New Hampshire, as well as any platforms developed and implemented by health insurers doing business in this State. On or before October 1, 2015, the Board shall report its findings and a proposal for a robust Internet-based consumer health care information system to the House Committee on Health Care, the Senate Committees on Health and Welfare and on Finance, and the Health Reform Oversight Committee.

* * * Investing in Structural Reform for Long-Term Savings * * *

Sec. 10. GREEN MOUNTAIN CARE BOARD; ALL-PAYER WAIVER;

RATE-SETTING

(a) The sum of \$3,025,020.00 is appropriated to the Green Mountain Care Board in fiscal year 2016, of which \$698,475.00 comes from the General Fund, \$735,346.00 is in Global Commitment funds, \$1,332,475.00 comes from the Board's bill-back authority pursuant to 18 V.S.A. § 9374(h), \$60,000.00 comes from the Health IT-Fund, \$155,692.00 comes from an interdepartmental transfer from the Department of Vermont Health Access, and \$43,032.00 comes from federal funds.

(b) Of the funds appropriated pursuant to this section, the Board shall use:

(1) \$597,020.00 for positions and operating expenses related to the Board's provider rate-setting authority, the all-payer model, and the Medicaid cost shift;

(2) \$2,368,000.00 for contracts and third-party services related to the all-payer model, provider rate-setting, and the Medicaid cost shift; and

(3) \$60,000.00 to provide oversight of the budget and activities of the Vermont Information Technology Leaders, Inc.

Sec. 11. GREEN MOUNTAIN CARE BOARD; POSITIONS

(a) On July 1, 2015, five classified positions are created for the Green Mountain Care Board.

(b) On July 1, 2015, one exempt position, attorney, is created for the Green Mountain Care Board.

* * * Green Mountain Care Board * * *

Sec. 12. 18 V.S.A. § 9375(b) is amended to read:

(b) The Board shall have the following duties:

* * *

(2)(A) Review and approve Vermont's statewide Health Information Technology Plan pursuant to section 9351 of this title to ensure that the necessary infrastructure is in place to enable the State to achieve the principles expressed in section 9371 of this title. Vermont Information Technology Leaders, Inc. shall be an interested party in the Board's review.

(B) Review and approve the criteria required for health care providers and health care facilities to create or maintain connectivity to the State's health information exchange as set forth in section 9352 of this title. Within 90 days following this approval, the Board shall issue an order explaining its decision.

(C) Annually review and approve the budget, consistent with available funds, and the core activities associated with public funding, of the Vermont Information Technology Leaders, Inc., which shall include establishing the interconnectivity of electronic medical records held by health care professionals, and the storage, management, and exchange of data received from such health care professionals, for the purpose of improving the quality of and efficiently providing health care to Vermonters. This review shall take into account the Vermont Information Technology Leaders' responsibilities in section 9352 of this title and shall be conducted according to a process established by the Board by rule pursuant to 3 V.S.A. chapter 25.

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Sec. 13. [Deleted.]

* * * Vermont Information Technology Leaders * * *

Sec. 14. 18 V.S.A. § 9352 is amended to read:

§ 9352. VERMONT INFORMATION TECHNOLOGY LEADERS

(a)(1) Governance. ~~The General Assembly and the Governor shall each appoint one representative to the~~ Vermont Information Technology Leaders, Inc. (VITL) Board of Directors shall consist of no fewer than nine nor more than 14 members. The term of each member shall be two years, except that of the members first appointed, approximately one-half shall serve a term of one year and approximately one-half shall serve a term of two years, and members shall continue to hold office until their successors have been duly appointed. The Board of Directors shall comprise the following:

(A) one member of the General Assembly, appointed jointly by the Speaker of the House and the President Pro Tempore of the Senate, who shall be entitled to the same per diem compensation and expense reimbursement pursuant to 2 V.S.A. § 406 as provided for attendance at sessions of the General Assembly;

(B) one individual appointed by the Governor;

(C) one representative of the business community;

(D) one representative of health care consumers;

(E) one representative of Vermont hospitals;

(F) one representative of Vermont physicians;

(G) one practicing clinician licensed to practice medicine in Vermont;

(H) one representative of a health insurer licensed to do business in Vermont;

(I) the President of VITL, who shall be an ex officio, nonvoting member;

(J) two individuals familiar with health information technology, at least one of whom shall be the chief technology officer for a health care provider; and

(K) two at-large members.

(2) Except for the members appointed pursuant to subdivisions (1)(A) and (B) of this subsection, whenever a vacancy on the Board occurs, the members of the Board of Directors then serving shall appoint a new member who shall meet the same criteria as the member he or she replaces.

(b) Conflict of interest. In carrying out their responsibilities under this section, Directors of VITL shall be subject to conflict of interest policies established by the Secretary of Administration to ensure that deliberations and decisions are fair and equitable.

(c)(1) Health information exchange operation. VITL shall be designated in the Health Information Technology Plan pursuant to section 9351 of this title to operate the exclusive statewide health information exchange network for this State. ~~The~~ After the Green Mountain Care Board approves VITL's core activities and budget pursuant to chapter 220 of this title, the Secretary of Administration or designee shall enter into procurement grant agreements with VITL pursuant to 8 V.S.A. § 4089k. Nothing in this chapter shall impede local community providers from the exchange of electronic medical data.

(2) Notwithstanding any provision of 3 V.S.A. § 2222 or 2283b to the contrary, upon request of the Secretary of Administration, the Department of Information and Innovation shall review VITL's technology for security, privacy, and interoperability

with State government information technology, consistent with the State's health information technology plan required by section 9351 of this title.

* * *

* * * Referral Registry * * *

Sec. 15. REFERRAL REGISTRY

On or before October 1, 2015, the Department of Mental Health and the Division of Alcohol and Drug Abuse Programs in the Department of Health shall develop jointly a registry of mental health and addiction services providers in Vermont, organized by county. The registry shall be updated at least annually and shall be made available to primary care providers participating in the Blueprint for Health and to the public.

* * * Universal Health Care Coverage * * *

Sec. 16. TASK FORCE ON UNIVERSAL COVERAGE; REPORT

(a) There is created a Task Force on Universal Coverage to develop a proposal for achieving universal health care coverage in Vermont.

(b) The Task Force shall be composed of the following six members:

(1) one current member of the House of Representatives, who shall be appointed by the Speaker of the House;

(2) one current member of the Senate, who shall be appointed by the Committee on Committees;

(3) the Director of Health Care Reform or designee;

(4) the Chair of the Green Mountain Care Board or designee;

(5) the Commissioner of Vermont Health Access or designee; and

(6) a representative from the health insurer with the greatest number of covered lives in Vermont.

(c) The Task Force shall consider how to achieve universal health care coverage in Vermont, including:

(1) how to design and implement a State mandate for all Vermonters to have health care coverage, including:

(A) how Vermonters would prove that they have satisfied the mandate;

(B) suitable penalties to enforce the mandate; and

(C) ways to administer the penalties for failure to satisfy the mandate, such as using the income tax system, wage garnishment, or other means;

(2) the effect of universal coverage on uncompensated care and the resulting impact on health insurance premiums; and

(3) creation of an uncompensated care pool or insurance product to pay for health care services delivered to Vermont residents who continue to lack health care coverage despite the mandate.

(d) On or before December 1, 2015, the Task Force shall submit its proposal for achieving universal coverage to the House Committees on Health Care and on Ways and Means, the Senate Committees on Health and Welfare and on Finance, and the Health Reform Oversight Committee.

(e) For attendance at meetings during adjournment of the General Assembly, legislative members of the Task Force shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for no more than six meetings.

* * * Universal Primary Care * * *

Sec. 17. PURPOSE

The purpose of Secs. 17 through 21 of this act is to establish the administrative framework and reduce financial barriers as preliminary steps to the implementation of the principles set forth in 2011 Acts and Resolves No. 48 to enable Vermonters to receive necessary health care and examine the cost of providing primary care to all Vermonters without deductibles, coinsurance, or co-payments or, if necessary, with limited cost-sharing.

Sec. 18. FINDINGS

The General Assembly finds that:

(1) Research has shown that universal access to primary care enhances the quality of care, improves patient outcomes, and reduces overall health care spending.

(2) Universal access to primary care will advance the health of Vermonters by preventing disease and by reducing the need for emergency room visits and hospital admissions.

(3) Vermonters face financial barriers to accessing primary care because of the widespread cost-sharing requirements, including deductibles, coinsurance, and co-payments.

(4) The cost of providing universal primary care to Vermonters should be estimated to determine whether universal primary care should be the first step in implementing the principles and intent set forth in 2011 Acts and Resolves No. 48, Secs. 1 and 1a.

Sec. 19. DEFINITION OF PRIMARY CARE

As used in Secs. 17 through 21 of this act, “primary care” means health services provided by health care professionals who are specifically trained for and skilled in first-contact and continuing care for individuals with signs, symptoms, or health concerns, not limited by problem origin, organ system, or diagnosis, and includes pediatrics, internal and family medicine, gynecology, primary mental health services, and other health services commonly provided at federally qualified health centers. Primary care does not include dental services.

Sec. 20. COST ESTIMATES FOR UNIVERSAL PRIMARY CARE

(a) No later than October 15, 2015, the Joint Fiscal Office, in consultation with the Green Mountain Care Board and the Secretary of Administration or designee, shall provide to the Joint Fiscal Committee, the Health Reform Oversight Committee, the House Committees on Appropriations, on Health Care, and on Ways and Means, and the Senate Committees on Appropriations, on Health and Welfare, and on Finance an estimate of the costs of providing primary care to all Vermont residents, with and without cost-sharing by the patient, beginning on January 1, 2017.

(b) The report shall include an estimate of the cost of primary care to those Vermonters who access it if a universal primary care plan is not implemented, and the sources of funding for that care, including employer-sponsored and individual private insurance, Medicaid, Medicare, and other government-sponsored programs, and patient cost-sharing such as deductibles, coinsurance, and co-payments.

(c) Departments and agencies of State government and the Green Mountain Care Board shall provide such data to the Joint Fiscal Office as needed to permit the Joint

Fiscal Office to perform the estimates and analysis required by this section. If necessary, the Joint Fiscal Office may enter into confidentiality agreements with departments, agencies, and the Board to ensure that confidential information provided to the Office is not further disclosed.

Sec. 21. APPROPRIATION

Up to \$200,000.00 is appropriated from the General Fund to the Joint Fiscal Office in fiscal year 2016 to be used for assistance in the calculation of the cost estimates required in Sec. 20 of this act; provided, however, that the appropriation shall be reduced by the amount of any external funds received by the Office to carry out the estimates and analysis required by Sec. 20.

* * * Ambulance Reimbursement * * *

Sec. 22. MEDICAID; AMBULANCE REIMBURSEMENT

The Department of Vermont Health Access shall evaluate the methodology used to determine reimbursement amounts for ambulance and emergency medical services delivered to Medicaid beneficiaries to determine the basis for the current reimbursement amounts and the rationale for the current level of reimbursement, and shall consider any possible adjustments to revise the methodology in a way that is budget neutral or of minimal fiscal impact to the Agency of Human Services for fiscal year 2016. On or before December 1, 2015, the Department shall report its findings and recommendations to the House Committees on Health Care and on Human Services, the Senate Committee on Health and Welfare, and the Health Reform Oversight Committee.

* * * Excise Tax on Sweetened Beverages * * *

Sec. 23. 32 V.S.A. chapter 227 is added to read:

CHAPTER 227. SWEETENED BEVERAGE TAX

§ 9401. DEFINITIONS

As used in this chapter:

(1) “Beverage for medical use” means a beverage suitable for human consumption and manufactured for use as an oral nutritional therapy for persons who cannot absorb or metabolize dietary nutrients from food or beverages, or for use as an oral rehydration electrolyte solution for infants and children formulated to prevent or treat dehydration due to illness. “Beverage for medical use” shall also mean a “medical food” as defined in Section 5(b)(3) of the Orphan Drug Act at 21 U.S.C. § 360ee(b)(3). “Beverage for medical use” shall not include drinks commonly referred to as “sports drinks” or any other common names that are derivations thereof.

(2) “Commissioner” means the Commissioner of Taxes and his or her authorized agents and employees.

(3) “Consumer” means a person who purchases or otherwise obtains a sweetened beverage for consumption and not for sale to another.

(4) “Department” means the Vermont Department of Taxes.

(5) “Distribution” or “distribute” means the transfer of title or possession from one person to another for consideration, or within a business entity, or between business entities subject to the same ownership or control, such as by a wholesale or warehousing unit to a retail outlet, or between two or more employees or contractors. “Distribution” or “distribute” shall not mean the retail sale to a consumer.

(6) “Distributor” means any person, including a manufacturer and a wholesale dealer, who receives, stores, manufactures, bottles, or distributes syrup, powder, or sweetened beverages for sale to retailers, whether or not that person also sells such products to consumers. “Distributor” also means any person importing or causing to be imported syrup, powder, or sweetened beverages into the State from outside the State for sale to a retailer or consumer.

(7) “Place of business” means any place where syrup, powder, or sweetened beverages are manufactured or received for sale in the State.

(8) “Powder” means any solid mixture of ingredients used in making, mixing, or compounding sweetened beverages by mixing the powder with any one or more other ingredients, including water, ice, syrup, simple syrup, fruits, vegetables, fruit juice, vegetable juice, or carbonation or other gas.

(9) “Retailer” means any person who sells syrup, powder, or sweetened beverages to consumers in the State.

(10) “Sale” means the transfer of title or possession for valuable consideration regardless of the manner by which the transfer is completed.

(11) “Sweetened beverage” means any nonalcoholic beverage, carbonated or noncarbonated, that is intended for human consumption as a beverage and contains any added natural or artificial sweetener or sugar substitute. As used in this definition, “nonalcoholic beverage” means any beverage that contains less than one-half of one percent alcohol per volume.

(12) “Sweetener” means any substance suitable for human consumption that humans perceive as sweet and includes sucrose, fructose, glucose, other sugars, fruit

juice concentrates, aspartame, sucralose, cyclamate, saccharin, stevia, or other sugar substitutes.

(13) “Syrup” means a liquid mixture of ingredients used in making, mixing, or compounding sweetened beverages using one or more other ingredients, such as water, ice, powder, simple syrup, fruits, vegetables, fruit juice, vegetable juice, or carbonation or other gas.

§ 9402. TAX IMPOSED

(a) There is imposed an excise tax on every distributor of \$0.005 per ounce upon sweetened beverages sold in the State.

(b) There is imposed an excise tax on every distributor of \$0.005 per ounce of syrup and powder sold in the State. For purposes of calculating the tax under this subsection, the taxable volume of syrup or powder shall be equal to the largest volume of sweetened beverage resulting from use of the syrup or powder according to the manufacturer’s instructions.

§ 9403. RETURNS AND REMITTANCES

(a) Any distributor liable for the tax imposed by this chapter shall, on or before the 15th day of every month, return to the Commissioner, under oath of a person with legal authority to bind the distributor, a statement containing its name and place of business, the quantity of syrup, powder, and sweetened beverages subject to the excise tax imposed by this chapter sold in the preceding month, and any other information required by the Commissioner, along with the tax due.

(b) All of the revenue from the tax imposed by this chapter shall be deposited in the State Health Care Resources Fund established under 33 V.S.A. § 1901d.

§ 9404. RECORDS

Every distributor shall maintain, for not less than three years, accurate records showing all transactions subject to tax liability under this chapter. These records are subject to inspection by the Commissioner at all reasonable times during normal business hours.

§ 9405. EXEMPTIONS

The following shall be exempt from the tax imposed by section 9402 of this chapter:

(1) Syrup, powder, or sweetened beverages sold to the U.S. government, its subdivisions, or under any other circumstances in which the State is without power to impose the tax.

(2) Syrup, powder, or sweetened beverages sold by a distributor for resale or consumption outside the State.

(3) Syrup, powder, or sweetened beverages sold by a distributor to another distributor and not intended for resale to a consumer if the purchasing distributor holds a license issued under section 9406 of this chapter and if the sales invoice clearly indicates that the sale is exempt.

(4) Beverages in which milk, or soy, rice, or similar milk substitute, is the primary ingredient or the first listed ingredient on the label of the beverage.

(5) Coffee or tea without added sweetener.

(6) Infant formula.

(7) Beverages for medical use.

(8) Water without any sweeteners.

(9) Beverages consisting of 100 percent natural fruit or vegetable juice with no added sweetener. As used in this subdivision, “natural fruit juice” and “natural vegetable juice” mean the original liquid resulting from the pressing of fruits or vegetables or the liquid resulting from the dilution of dehydrated natural fruit juice or natural vegetable juice.

(10) Maple syrup, as that term is defined in 6 V.S.A. § 481, or beverages sweetened with maple syrup.

§ 9406. LICENSE REQUIRED

Each distributor shall secure a license from the Commissioner before engaging in the business of selling sweetened beverages in the State.

§ 9407. APPLICATION FOR AND ISSUANCE OF LICENSE

(a) A separate application and license is required for each wholesale outlet when a distributor owns or controls more than one such outlet.

(b) Licenses shall be issued by the Commissioner on application, without charge, on forms prescribed by the Commissioner, stating the name and address of the applicant, the address of the place of business, the type of business, and any other information the Commissioner may require for the proper administration of this chapter.

§ 9408. TERM OF LICENSES

Each license issued under the provisions of this chapter shall be valid as long as the licensee continues to do business at the place named, unless the license is revoked or suspended by the Commissioner as provided in section 9409 of this chapter. If the business is sold or transferred or if the licensee ceases to do business at the place named, the license shall immediately be returned to the Commissioner for cancellation.

§ 9409. REVOCATION AND SUSPENSION OF LICENSES

The Commissioner may revoke or suspend the license of any licensee for failure to comply with any provision of this chapter or for failure to comply with the provisions of 11 V.S.A. chapter 15.

§ 9410. PENALTIES

(a) Any person subject to the provisions of this chapter who fails to pay the tax imposed by this chapter by the date that payment is due or fails to submit a return as required by this chapter is subject to the provisions of section 3202 of this title (interest and penalties).

(b) Any person subject to the provisions of this chapter who sells or offers for sale any syrup, powder, or sweetened beverages in the State without holding a license as required by this chapter is liable for a penalty of up to \$100.00 for each day such sales are made or offered.

§ 9411. APPEALS

Any person aggrieved by an action taken by the Commissioner under this chapter may appeal in writing to the Commissioner for a review. The Commissioner shall then grant a hearing under 3 V.S.A. chapter 25 and notify the aggrieved person in writing of his or her determination. The Commissioner's determination may be appealed within 30 days to the Superior Court of the county of this State in which the taxpayer resides or has a place of business or to the Superior Court of Washington County.

§ 9412. BONDING

When the Commissioner, in his or her discretion, considers it necessary to protect the revenues raised under this chapter, he or she may require any licensee to file with him or her a bond under the terms of section 3114 of this title.

§ 9413. RULES AND REGULATIONS

The Commissioner is authorized to adopt rules and procedures to accomplish the purposes of this chapter.

Sec. 24. MONITORING

The Department of Health shall develop criteria and components for an independent evaluation to assess the impact that the sweetened beverage tax has on consumption of products affected by the implementation of the tax. Specifically, the evaluation shall seek to determine the impact of the exclusions on consumer purchasing and health outcomes.

* * * Cigarette and Tobacco Taxes * * *

Sec. 25. 32 V.S.A. § 7771 is amended to read:

§ 7771. RATE OF TAX

* * *

(d) The tax imposed under this section shall be at the rate of ~~137.5~~ 150 mills per cigarette or little cigar and for each 0.0325 ounces of roll-your-own tobacco. The interest and penalty provisions of section 3202 of this title shall apply to liabilities under this section.

Sec. 25a. 32 V.S.A. § 7811 is amended to read:

§ 7811. IMPOSITION OF TOBACCO PRODUCTS TAX

There is hereby imposed and shall be paid a tax on all other tobacco products, snuff, and new smokeless tobacco possessed in the State of Vermont by any person for sale on and after July 1, 1959 which were imported into the State or manufactured in the State after that date, except that no tax shall be imposed on tobacco products sold under such circumstances that this State is without power to impose such tax, or sold to the United States, or sold to or by a voluntary unincorporated organization of the U.S. Armed Forces operating a place for the sale of goods pursuant to regulations promulgated by the appropriate executive agency of the United States. The tax is intended to be imposed only once upon the wholesale sale of any other tobacco product and shall be at the rate of 92 percent of the wholesale price for all tobacco products except snuff, which shall be taxed at ~~\$2.29~~ \$2.50 per ounce, or fractional part thereof, new smokeless tobacco, which shall be taxed at the greater of ~~\$2.29~~ \$2.50 per ounce or, if packaged for sale to a consumer in a package that contains less than 1.2 ounces of the new smokeless tobacco, at the rate of ~~\$2.75~~ \$3.00 per package, and cigars with a wholesale price greater than \$2.17, which shall be taxed at the rate of \$2.00 per cigar if the wholesale price of the cigar is greater than \$2.17 and less than \$10.00, and at the rate of \$4.00 per cigar if the wholesale price of the cigar is \$10.00 or more. Provided, however, that upon payment of the tax within 10 days, the distributor or dealer may deduct from the tax two percent of the tax due. It shall be presumed that all other tobacco products, snuff, and new smokeless tobacco within the State are subject to tax until the contrary is established and the burden of proof that any other tobacco products, snuff, and new smokeless tobacco

are not taxable hereunder shall be upon the person in possession thereof. Licensed wholesalers of other tobacco products, snuff, and new smokeless tobacco shall state on the invoice whether the price includes the Vermont tobacco products tax.

Sec. 25b. 32 V.S.A. § 7814 is amended to read:

§ 7814. FLOOR STOCK TAX

(a) Snuff. A floor stock tax is hereby imposed upon every retail dealer of snuff in this State in the amount by which the new tax exceeds the amount of the tax already paid on the snuff. The tax shall apply to snuff in the possession or control of the retail dealer at 12:01 a.m. on July 1, ~~2014~~ 2015, but shall not apply to retail dealers who hold less than \$500.00 in wholesale value of such snuff. Each retail dealer subject to the tax shall, on or before July 25, ~~2014~~ 2015, file a report to the Commissioner in such form as the Commissioner may prescribe showing the snuff on hand at 12:01 a.m. on July 1, ~~2014~~ 2015, and the amount of tax due thereon. The tax imposed by this section shall be due and payable on or before August 25, ~~2014~~ 2015, and thereafter shall bear interest at the rate established under section 3108 of this title. In case of timely payment of the tax, the retail dealer may deduct from the tax due two percent of the tax. Any snuff with respect to which a floor stock tax has been imposed and paid under this section shall not again be subject to tax under section 7811 of this title.

(b) Cigarettes, little cigars, or roll-your-own tobacco. Notwithstanding the prohibition against further tax on stamped cigarettes, little cigars, or roll-your-own tobacco under section 7771 of this title, a floor stock tax is hereby imposed upon every dealer of cigarettes, little cigars, or roll-your-own tobacco in this State who is either a wholesaler, or a retailer who at 12:01 a.m. on July 1, ~~2014~~ 2015, has more than 10,000

cigarettes or little cigars or who has \$500.00 or more of wholesale value of roll-your-own tobacco, for retail sale in his or her possession or control. The amount of the tax shall be the amount by which the new tax exceeds the amount of the tax already paid for each cigarette, little cigar, or roll-your-own tobacco in the possession or control of the wholesaler or retail dealer at 12:01 a.m. on July 1, ~~2014~~ 2015, and on which cigarette stamps have been affixed before July 1, ~~2014~~ 2015. A floor stock tax is also imposed on each Vermont cigarette stamp in the possession or control of the wholesaler at 12:01 a.m. on July 1, ~~2014~~ 2015, and not yet affixed to a cigarette package, and the tax shall be at the rate of ~~\$0.13~~ \$0.25 per stamp. Each wholesaler and retail dealer subject to the tax shall, on or before July 25, ~~2014~~ 2015, file a report to the Commissioner in such form as the Commissioner may prescribe showing the cigarettes, little cigars, or roll-your-own tobacco and stamps on hand at 12:01 a.m. on July 1, ~~2014~~ 2015, and the amount of tax due thereon. The tax imposed by this section shall be due and payable on or before July 25, ~~2014~~ 2015, and thereafter shall bear interest at the rate established under section 3108 of this title. In case of timely payment of the tax, the wholesaler or retail dealer may deduct from the tax due two and three-tenths of one percent of the tax. Any cigarettes, little cigars, or roll-your-own tobacco with respect to which a floor stock tax has been imposed under this section shall not again be subject to tax under section 7771 of this title.

* * * Sales Tax * * *

Sec. 25c. 32 V.S.A. § 9701(31) is amended to read:

(31) "Food and food ingredients" means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or

chewing by humans and are consumed for their taste or nutritional value. “Food and food ingredients” does not include alcoholic beverages ~~or~~ tobacco, or dietary supplements.

* * * State Health Care Resources Fund * * *

Sec. 26. 33 V.S.A. § 1901d(b) is amended to read:

(b) Into the Fund shall be deposited:

(1) all revenue from the tobacco products tax and from the cigarette tax levied pursuant to 32 V.S.A. chapter 205;

(2) revenue from health care provider assessments pursuant to subchapter 2 of chapter 19 of this title;

(3) revenue from the employer health care premium contribution pursuant to 21 V.S.A. chapter 25;

(4) revenue from the excise tax on sweetened beverages pursuant to 32 V.S.A. chapter 227;

(5) revenue from health care claims assessments pursuant to 32 V.S.A. § 10402;

~~(5)~~(6) premium amounts paid by individuals unless paid directly to the insurer;

~~(6)~~(7) the proceeds from grants, donations, contributions, taxes, and any other sources of revenue as may be provided by statute, rule, or act of the General Assembly; and

~~(7)~~(8) any remaining balance in the terminated Catamount Fund as of June 30, 2012.

* * * Implementation of Taxes * * *

Sec. 27. DEPARTMENT OF TAXES; APPROPRIATION

The sum of \$810,000.00 is appropriated from the State Health Care Resources Fund to the Department of Taxes in fiscal year 2016 for the implementation and ongoing administration of the sweetened beverage tax established by this act.

Sec. 28. [Deleted.]

* * * Repeals * * *

Sec. 29. REPEALS

(a) [Deleted.]

(b) [Deleted.]

* * * Effective Dates * * *

Sec. 30. EFFECTIVE DATES

(a) Secs. 1–22, 27 (Department of Taxes; appropriation), and this section shall take effect on July 1, 2015.

(b) Secs. 23 and 24 (excise tax on sugar-sweetened beverages) shall take effect on August 1, 2015.

(c) Secs. 25 (cigarette tax), 25a (other tobacco products), 25b (floor tax), and 25c (sales tax definitions) shall take effect on July 1, 2015.

(d) Sec. 26 (State Health Care Resources Fund) shall take effect on August 1, 2015.