

Vermont Legislative Joint Fiscal Office

One Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • Fax: (802) 828-2483

FISCAL NOTE

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Prepared by: Nolan Langweil

H.386 - ~~An act relating to home health agency provider taxes~~ An act relating to imposing a tax on opioid distribution (Draft 1.2)

H.386 as proposed in Draft 1.2 is a strike-all amendment that imposes a tax upon the distribution of opioids by a manufacturer to a wholesaler at a rate of \$0.01 per morphine milligram equivalent (MME).¹ All revenues from this tax are deposited into a newly created "Substance Use Disorder Prevention, Treatment, and Recovery Fund". Opioids used in medication-assisted treatment for substance use disorder are exempt from the tax.

Net Revenue Estimates

FY 2019 = \$940,775

FY 2020 = \$2,140,000

	SFY'19	SFY'20
Est. MMEs ¹	310,200,000	267,500,000
Rate	\$0.01	\$0.01
Gross	3,102,000	2,675,000
Est. Compliance/collection rate ²	80%	80%
Duration in years ³	0.5	1
Sub total	1,240,800	2,140,000
Est. One-time Administrative costs ⁴	300,000	-----
On-going costs ⁵	TBD	TBD
Net	940,800	2,140,000

¹ Based on the previous year's MMEs.

² Compliance/collection rates are an estimate could be lower or higher.

³ This tax would take effect in the middle of the fiscal year, so only a half-year estimate.

⁴ Much of these one-time costs are associated with costs to the Tax Departments software vendor.

⁵ There could likely be on-going costs (staff and other) associated with the collection of this tax.

Appropriations

Sec. 3 appropriates the following sums from the fund:

¹ Morphine milligram equivalent (MME) is a value assigned to opioids to represent their relative potencies.

FY 2019 Appropriations and Legislative Intent for Future Funding

Purpose	Agency / Dept.	FY 2019 Appropriation	legislative Intent for FY 2020
Support and maintain mentoring and afterschool programs for children	Dept. of Children and Families	\$188,000	\$376,000
Support needle exchange programs and the distribution of naloxone	Department of Health	\$215,000	\$430,000
Fund two positions and the operating costs of the Governor's Opioid Coordination Council ¹	Agency of Human Services	\$137,500	\$275,000
Expansion of medication-assisted treatment in correctional facilities	Department of Corrections	\$400,000	\$800,000
TOTAL		\$940,500	\$1,881,000

¹ \$137,500 is for federal matching fund, providing a total of \$275,000 for the Council.

Sec. 3(a) allows the Department of Taxes to allocate one-time systems implementation funds as needed from this new special fund in the FY 2019 budget.