

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2017 REGULAR SESSION**

MEASURE

2017 BR NUMBER 1237

HOUSE BILL NUMBER 467

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE An ACT relating to relating to taxation of prescription opioids and making an appropriation therefor.

SPONSOR Representative J. Kay

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: Justice and Public Safety Cabinet, Administrative Office of the Courts, Cabinet for Health and Family Services

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY The four new funds created. OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		\$1.64 million	\$3.28 million
EXPENDITURES			
NET EFFECT		\$1.64 million	\$3.28 million

() indicates a decrease/negative

MEASURE'S PURPOSE: This measure raises revenues to fund opioid addiction and neonatal addiction care; opioid drug task forces; drug courts; and opioid education by the imposition of a tax of \$0.01 per dose of opioids distributed in Kentucky.

PROVISIONS/MECHANICS: Section 1 defines terms.

Section 2 imposes a tax of \$0.01 per dose of opioids distributed or dispensed in Kentucky by wholesale opioid distributors and mail order pharmacies. The revenue is distributed in the ratio of 60 percent to the newly created addiction and neonatal addiction care fund; 15 percent to the newly created opioid drug task force fund; 15 percent to the newly created drug courts fund; and 10 percent to the newly created opioid education fund.

Section 3 prohibits all persons from distributing or dispensing opioids to others in Kentucky without a valid and current license and establishes licensing procedures.

Section 4 provides instructions to the Department of Revenue for administration of the tax and imposes personal liability on corporate officers for failure to pay the tax.

Sections 5 through 8 establish the above-named funds and provide instructions for their administration.

FISCAL EXPLANATION: In calendar year 2016, there were 328,111,264 doses of prescription opioids dispensed in Kentucky. If we assume that the number of doses distributed is equal to the number of doses dispensed, this would yield tax revenue of \$3.28 million. The revenue would be distributed with \$1.97 million going to the addiction and neonatal addiction care fund; \$492,166 going to the opioid drug task force fund; \$492,166 going to the drug courts fund; and \$328,111 going to the opioid education fund. Though there are not forecasts on future levels of prescriptions, it is expected that opioid prescription rates will slowly decrease in the future.

Since the tax starts on January 1, 2018, and only half of fiscal year 2017–2018 is within this period of time, it is expected that half this amount, \$1.64 million, would be gained in revenue in fiscal year 2017–2018.

DATA SOURCE(S): LRC Appropriations and Revenue Staff; Cabinet for Health and Family Services, KASPER Program

PREPARER: Amit M. Shanker **NOTE NUMBER: 124** **REVIEW: JRS** **DATE: 2/24/2017**