

CORRECTIONS IMPACT STATEMENT

SESSION: 18RS

BILL #: HB 337 Introduced

BR #: 492

DOC ID#: XXXX

BILL SPONSOR(S): Rep. J. Kay

AMENDMENT SPONSOR(S):

SUBJECT: AN ACT relating to taxation of prescription opioids and making an appropriation therefor.

SUMMARY OF LEGISLATION: Create new sections of KRS Chapter 142 to impose a tax of one dollar per dose on opioids distributed in Kentucky; define relevant terms; allocate tax revenues to permanent pension fund; require registration for all persons distributing opioids in Kentucky; impose misdemeanor penalty for noncompliance; authorize the Department of Revenue to promulgate administrative regulations; amend KRS 42.205 to conform; APPROPRIATION.

This bill amendment committee substitute is expected to:

Have the following Corrections impact Have no Corrections impact

Creates new crime(s)

Repeals existing crime(s)

Increases penalty for existing crime(s)

Decreases penalty for existing crime(s)

Increases incarceration

Decreases incarceration

Reduces inmate/offender services

Increases inmate/offender services

Increases staff time or positions

Reduces staff time or positions

Changes elements of offense for existing crime(s)

Otherwise impacts incarceration (Explain) Creates tax for opioid distribution

STATE IMPACT: Class A, B & C felonies are based on an average daily prison rate of \$70.12. Most Class D felons are housed in one of 76 full service jails for up to 5 years. DOC's cost to incarcerate a felony inmate in a jail is \$31.45 per day (includes jail per diem, medical & central office costs), not including substance abuse treatment. Projections are based on the daily rate x 365 x number of years.

Projected Impact:

NONE

MODERATE (< \$1 million)

SIGNIFICANT (> \$1 million)

LOCAL IMPACT: Local governments are responsible for the cost of incarcerating individuals charged with Class A or B misdemeanors and felony defendants until disposition of the case. While the expense varies by jail, this estimated impact will be based on \$31.34 per day, which equals the per diem and medical that DOC pays jails to house felony offenders.

Projected Impact:

NONE

MODERATE (< \$1 million)

SIGNIFICANT (> \$1 million)

This legislation creates a tax for opioid distribution. Also created is a licensing system for opioid distributors. Distributing or dispensing opioids without a license or if a license has been revoked or suspended would be a Class A misdemeanor and \$500 fine. The distribution of each dose of opioids would be considered a separate violation and may be in addition to civil penalties. An additional penalty is created under the tax regulations. A taxpayer who fails to file or falsifies records shall be subject to a Class A misdemeanor and may also be subject to civil penalties.

It is not known how many new offenses would be incurred under this legislation, but based on the nature of the offense, associated incarceration time would likely be minimal. As such, the anticipated impact on local corrections is not expected to be significant.

A Class A misdemeanor is 90 days to 1 year in jail

10 Class A misdemeanants: \$28,206 to \$114,391

1 Class A misdemeanor: \$2,821 to \$11,439

100 Class A misdemeanants: \$282,060 to \$1,143,910

The following offices contributed to this Corrections Impact Statement:

Dept. of Corrections Dept. of Kentucky State Police Administrative Office of the Courts Parole Board Other

NOTE: Consideration should be given to the cumulative impact of all bills that increase the felon population or that impose new obligations on state or local governments. The Department of Corrections and local jails continue to operate over capacity. Without steps to reduce the population, any legislation that increases population or lengthens the term of incarceration will have a significant impact on correctional operations.

APPROVED BY:


Deputy Commissioner, Kentucky Department of Corrections

2/15/2018

Date