

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2018 REGULAR SESSION**

MEASURE

2018 BR NUMBER **0492**

HOUSE BILL NUMBER **337**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT 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:

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY Permanent pension fund. OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2017-2018	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		\$136 million	\$272 million	\$272 million
EXPENDITURES				
NET EFFECT		\$136 million	\$272 million	\$272 million

() indicates a decrease/negative

MEASURE'S PURPOSE: This bill raises revenues through the taxation of prescription opioids to fund the Commonwealth's unfunded pension liability.

PROVISIONS/MECHANICS: Section 1 creates a new section of KRS 142 to define terms.

Section 2 creates a new section of KRS 142 to impose a tax of \$1.00 per dose of opioids distributed or dispensed in Kentucky by wholesale opioid distributors and mail order pharmacies. The revenue is directed to the permanent pension fund.

Section 3 creates a new section of KRS 142 to prohibit all persons from distributing or dispensing opioids to others in Kentucky without a valid and current license. This section also establishes licensing procedures.

Section 4 creates a new section of KRS 142 to provide instructions to the Department of Revenue for administration of the tax and imposes personal liability on corporate officers for failure to pay the tax.

Section 5 amends KRS 42.205 to include revenues from the opioid tax in the permanent pension fund.

FISCAL EXPLANATION: In calendar year 2017, there were approximately 272 million doses of prescription opioids dispensed in Kentucky. This would have yielded tax revenue of \$272 million, which would have been deposited in the permanent pension 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, 2019, and only half of fiscal year 2018–2019 is within this period of time, it is expected that half this amount, \$136 million, would be gained in revenue in fiscal year 2018–2019.

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

PREPARER: Amit M. Shanker NOTE NUMBER: 124 REVIEW: JAB DATE: 3/9/2018