

April 17, 2018

To: Members of the Vermont Senate Finance Committee

From: Americans for Tax Reform

Re: House Bill 386

Dear Senator,

On behalf of Americans for Tax Reform (ATR) and our supporters across Vermont, **I urge you to reject efforts to amend House Bill 386 so that it includes a punitive tax on opioids. Simply put, this proposal to impose a special tax on certain painkillers represents a shameless cash grab that seeks to exploit tragedy in an attempt to further hike taxes.**

Raising the cost of drugs by imposing higher taxes will not curb abuse, as many addicts are by definition among the least price sensitive consumers in the market. Amending HB 386 so that the bill would create an opioid tax would provide another example of a tax hike that would not achieve its ostensible goal, but would result in number of negative consequences.

For example, the additional costs associated with a targeted tax on opioids, both from the tax itself and compliance costs, would be passed on to consumers, including those who do not use opioids, in the form of higher insurance premiums. Opioid taxes could actually exacerbate the opioid crisis by turning addicts to more dangerous substitutes, such as Fentanyl from China.

Another reason raising taxes on opioids is a misguided idea is that by instituting such a levy, the Vermont government would be taxing itself. That's because more than 40% of the cost of Vermont's Medicaid program is covered by state government, with Medicaid consuming approximately 29% of the state budget. As such, a portion of an opioid tax's price tag would be borne by all Vermont taxpayers in the form of higher Medicaid costs.

Your constituents have already been hit with 20 federal Obamacare tax increases over the last decade. The last thing hardworking Vermont taxpayers need is to have lawmakers in Montpelier pile on new or higher taxes at the state level, especially proposals that, like the aforementioned opioid tax proposal, could make their health insurance less affordable.

As such, ATR opposes any effort to amend HB 386 in order to have the bill include an opioid tax and urges lawmakers to reject this and other efforts to raise taxes. I thank you for you public service. Please look to ATR as a resource on tax, budget, and other policy matters pending before you. If you have any questions or if ATR can be of assistance, please contact Patrick Gleason, ATR's director of state affairs, at (202) 785-0266 or pgleason@atr.org.

Sincerely,



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