



General Assembly

January Session, 2015

**Raised Bill No. 1130**

LCO No. 6080



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:  
(FIN)

**AN ACT IMPLEMENTING A TAX ON NARCOTIC SUBSTANCES AND CONTROLLED SUBSTANCES AND PROVIDING FUNDING FOR REGIONAL OPIOID ABUSE PREVENTION AND TREATMENT PROGRAMS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective January 1, 2016*) (a) For the purposes of  
2 this section:

3 (1) "Commissioner" means the Commissioner of Revenue Services;

4 (2) "Controlled substance" means a controlled substance, as defined  
5 in section 21a-240 of the general statutes, in schedule II, III, IV or V,  
6 except that "controlled substance" does not include marijuana  
7 prescribed for palliative use pursuant to chapter 420f of the general  
8 statutes;

9 (3) "Manufacturer" means a manufacturer of a narcotic substance or  
10 controlled substance to be sold in this state. "Manufacturer" includes,  
11 but is not limited to, a manufacturer licensed in accordance with  
12 section 21a-246 of the general statutes;

13 (4) "Narcotic substance" means a narcotic substance, as defined in  
14 section 21a-240 of the general statutes;

15 (5) "Pharmacist" means a person authorized by law to practice  
16 pharmacy pursuant to section 20-590, 20-591, 20-592 or 20-593 of the  
17 general statutes;

18 (6) "Pharmacy" means an establishment licensed pursuant to section  
19 20-594 of the general statutes; and

20 (7) "Wholesaler" means a wholesaler, as defined in section 21a-240  
21 of the general statutes, of a narcotic substance or controlled substance  
22 to be sold in this state. "Wholesaler" includes, but is not limited to, a  
23 wholesaler licensed in accordance with section 21a-246 of the general  
24 statutes.

25 (b) There shall be paid to the Commissioner of Revenue Services by  
26 each manufacturer or wholesaler of a narcotic substance or controlled  
27 substance a tax at a rate of six and thirty-five-hundredths per cent on  
28 its gross receipts for any narcotic substance or controlled substance  
29 lawfully sold on or after January 1, 2016, to any of the following-  
30 named persons located in this state: (1) A pharmacist or pharmacy; (2)  
31 a physician, dentist or veterinarian; (3) a person in charge of a hospital,  
32 incorporated college or scientific institution; (4) a person in charge of a  
33 laboratory; or (5) a registrant, as defined in subdivision (47) of section  
34 21a-240 of the general statutes, who is permitted to purchase and  
35 possess such controlled substance under federal and state laws and  
36 regulations.

37 (c) Each manufacturer or wholesaler of narcotic substances or  
38 controlled substances that lawfully sells such narcotic substances or  
39 controlled substances to any of the persons described in subsection (a)  
40 of this section shall register with the Commissioner of Revenue  
41 Services on forms prescribed by the commissioner not later than  
42 January 1, 2016, and each registered manufacturer or wholesaler shall  
43 renew its registration with the commissioner annually, in such manner

44 as the commissioner may prescribe. No manufacturer or wholesaler  
45 may engage in or transact business as a manufacturer or wholesaler of  
46 narcotic substances or controlled substances to be sold in this state  
47 unless such manufacturer or wholesaler is registered with the  
48 commissioner in accordance with the provisions of this section. Any  
49 manufacturer or wholesaler that fails to register or renew such  
50 registration in accordance with the provisions of this subsection shall  
51 pay a penalty of one thousand dollars for each such failure, which  
52 penalty shall not be subject to waiver.

53 (d) Each manufacturer and wholesaler shall submit a return  
54 quarterly to the Commissioner of Revenue Services, applicable with  
55 respect to the calendar quarter beginning January 1, 2016, and each  
56 calendar quarter thereafter, on or before the last day of the month  
57 immediately following the end of each such calendar quarter, on a  
58 form prescribed by the commissioner, together with payment of the  
59 quarterly tax determined and payable in accordance with the  
60 provisions of this section. Whenever such tax is not paid when due, a  
61 penalty of ten per cent of the amount due or fifty dollars, whichever is  
62 greater, shall be imposed, and such tax shall bear interest at the rate of  
63 one per cent per month or fraction thereof until the same is paid. The  
64 Commissioner of Revenue Services shall cause copies of a form  
65 prescribed for submitting returns as required under this section to be  
66 distributed to persons subject to the tax. Failure to receive such form  
67 shall not be construed to relieve any person subject to the tax under  
68 this section from the obligations of submitting a return, together with  
69 payment of such tax within the time required. The provisions of  
70 sections 12-548 to 12-554, inclusive, of the general statutes and sections  
71 12-555a and 12-555b of the general statutes shall apply to the  
72 provisions of this section in the same manner and with the same force  
73 and effect as if the language of said sections 12-548 to 12-554, inclusive,  
74 and sections 12-555a and 12-555b had been incorporated in full into  
75 this section and had expressly referred to the tax imposed under this  
76 section, except to the extent that any such provision is inconsistent

77 with a provision of this section. Any moneys received by the  
78 commissioner pursuant to this section shall be deposited into the  
79 opioid abuse prevention and treatment account established in section 2  
80 of this act.

81 (e) The Commissioner of Revenue Services shall notify the  
82 Commissioner of Consumer Protection whenever a manufacturer or  
83 wholesaler licensed pursuant to section 21a-246 of the general statutes  
84 has continuously failed to comply with the requirements of this section  
85 for a period of at least six months. The Commissioner of Consumer  
86 Protection may suspend, revoke or refuse to renew the license of a  
87 manufacturer or wholesaler who has continuously failed to comply  
88 with the requirements of this section for a period of six months or  
89 longer. The Commissioner of Revenue Services shall notify the  
90 licensing authority of any other state where a manufacturer or  
91 wholesaler is licensed whenever such manufacturer or wholesaler has  
92 continuously failed to comply with the requirements of this section for  
93 a period of at least six months.

94 (f) Nothing in this section shall exempt any person from the tax  
95 imposed pursuant to chapter 228d of the general statutes with respect  
96 to marijuana or other controlled substance, as those terms are defined  
97 in section 12-650 of the general statutes.

98 Sec. 2. (NEW) (*Effective January 1, 2016*) There is established an  
99 opioid abuse prevention and treatment account which shall be a  
100 separate, nonlapsing account within the General Fund. The account  
101 shall contain the amount of any taxes collected pursuant to section 1 of  
102 this act and any other moneys required by law to be deposited in the  
103 account, and shall be held in trust separate and apart from all other  
104 moneys, funds and accounts. Any balance remaining in the account at  
105 the end of any fiscal year shall be carried forward in the account for  
106 the fiscal year next succeeding. Investment earnings credited to the  
107 account shall become part of the account. Amounts in the account shall  
108 be expended only for the purpose of providing funds to the

109 Department of Mental Health and Addiction Services to provide  
110 grants-in-aid for regional opioid abuse prevention and treatment  
111 programs pursuant section 4 of this act.

112 Sec. 3. Subsection (d) of section 17a-450 of the general statutes is  
113 repealed and the following is substituted in lieu thereof (*Effective*  
114 *January 1, 2016*):

115 (d) The Department of Mental Health and Addiction Services is  
116 designated as the lead state agency for substance abuse prevention and  
117 treatment in this state, and as such is designated as the state  
118 methadone authority. As the designated state methadone authority,  
119 the department is authorized by the federal Center for Substance  
120 Abuse Treatment of the Substance Abuse and Mental Health Services  
121 Administration within the United States Department of Health and  
122 Human Services to exercise responsibility and authority for the  
123 treatment of opiate addiction with an opioid medication, and  
124 specifically for: (1) Approval of exceptions to federal opioid treatment  
125 protocols in accordance with the Center for Substance Abuse  
126 Treatment, (2) monitoring all opioid treatment programs in the state,  
127 (3) providing grants-in-aid to regional opioid abuse prevention and  
128 treatment programs that follow state and federal treatment protocols  
129 in accordance with section 4 of this act, and [(3)] (4) approval of Center  
130 for Substance Abuse Treatment certification of all opioid treatment  
131 programs in the state. The Commissioner of Mental Health and  
132 Addiction Services may adopt regulations in accordance with chapter  
133 54 to carry out the provisions of this subsection.

134 Sec. 4. (NEW) (*Effective January 1, 2016*) (a) The Commissioner of  
135 Mental Health and Addiction Services shall provide grants-in-aid,  
136 within available resources, to one or more regional opioid abuse  
137 prevention and treatment programs in each mental health region  
138 established pursuant to section 17a-478 of the general statutes. The  
139 commissioner shall provide such grants-in-aid to programs that follow  
140 state and federal treatment protocols and shall allocate such grants-in-

141 aid on the basis of regional need and demand for services. Each  
142 program that receives a grant-in-aid pursuant to this section shall  
143 provide services in a manner that reduces the stigma associated with  
144 opioid abuse prevention and treatment and minimizes client contact  
145 with the criminal justice system.

146 (b) Not later than January 31, 2017, the commissioner shall submit a  
147 report to the joint standing committees of the General Assembly  
148 having cognizance of matters relating to public health and finance,  
149 revenue and bonding concerning the grants-in-aid awarded during the  
150 calendar year commencing January 1, 2016. The report shall indicate  
151 the amount of the grants-in-aid awarded, the recipients of the grants-  
152 in-aid, any amounts remaining in the opioid abuse prevention and  
153 treatment account established pursuant to section 2 of this act that  
154 were not allocated as of December 31, 2016, and the commissioner's  
155 recommendations, if any, for amendments to the general statutes  
156 regarding the grants-in-aid program or regional opioid abuse  
157 prevention and treatment programs.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2016</i>	New section
Sec. 2	<i>January 1, 2016</i>	New section
Sec. 3	<i>January 1, 2016</i>	17a-450(d)
Sec. 4	<i>January 1, 2016</i>	New section

**Statement of Purpose:**

To: (1) Establish a tax on the gross receipts of narcotic substances and controlled substances sold in this state by manufacturers and wholesalers, (2) establish an opioid abuse prevention and treatment account from the proceeds of the tax, and (3) provide grants-in-aid to regional opioid abuse prevention and treatment programs that follow state and federal treatment protocols.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

