

# SENATE BILL REPORT

## SB 5839

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As Reported by Senate Committee On:  
Human Services, Mental Health & Housing  
Human Services & Corrections, January 10, 2018

**Title:** An act relating to repealing a tax preference for prescription drug warehousing firms to invest in rural and high-need area opioid use disorder treatment and support infrastructures.

**Brief Description:** Repealing a tax preference for prescription drug warehousing firms to invest in rural and high-need area opioid use disorder treatment and support infrastructures.

**Sponsors:** Senators Carlyle, Cleveland, Chase, Kuderer, Conway, Darneille, Frockt, Ranker, Saldaña, Rolfes, Hasegawa, Pedersen, McCoy, Takko, Nelson and Hunt.

**Brief History:**

**Committee Activity:** Human Services, Mental Health & Housing: 3/13/17.  
Human Services & Corrections: 1/10/18 [w/oRec-HLTC].

**Brief Summary of Bill**

- Creates the Opioid Use Disorder Treatment Account to fund grants to programs that increase access to medication-assisted treatment.
- Repeals the tax preference for warehousing and selling prescription drugs.
- Requires the Secretary of the Department of Health to distribute grants funded by increased revenue from the repeal of this tax preference.

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**SENATE COMMITTEE ON HUMAN SERVICES, MENTAL HEALTH & HOUSING**

**Staff:** Kevin Black (786-7747)

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**SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS**

**Majority Report:** That it be referred without recommendation and be referred to Committee on Health & Long Term Care.

Signed by Senators Darneille, Chair; Dhingra, Vice Chair; O'Ban, Ranking Member; Carlyle, Frockt, Miloscia and Walsh.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

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**Background:** Medication assisted treatment (MAT) is a form of substance use disorder treatment which uses medications in combination with counseling and behavioral health therapies for the treatment of substance use disorders. The federal Substance Abuse and Mental Health Services Administration promotes MAT as a safe and effective strategy to decrease the frequency and amount of opioid use and reduce the risk of overdose when combined with behavioral therapies.

A preferential business and occupation tax rate of 0.138 percent is applied to persons in Washington engaging in the business of warehousing and reselling drugs for human use pursuant to a prescription. This is a reduction from the principal manufacturing/wholesaling rate of 0.484 percent. This preferential tax rate was established in 1998. Estimated savings for beneficiaries by the Citizen Commission for Performance Measurement of Tax Preferences are \$39.2 million for the 2017-19 biennium.

**Summary of Bill:** An Opioid Use Disorder Treatment Account (Account) is created, to be funded by increased revenue to the state General Fund obtained from repeal of the tax preference for warehousing and selling prescription drugs. This tax preference is repealed upon the effective date of the act.

The Department of Health, in coordination with the Health Care Authority and University of Washington, must develop a grant program to provide funding to programs focused on increasing access to medication-assisted treatment using funds in the Account. Strategies include education and support for MAT providers, use of care coordinators or peer support, developing linkages between mental health and primary care, and use evidence-based practices for treatment of opiate use disorders. Only the Secretary of the Department of Health may authorize expenditures from the Account.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony (Human Services, Mental Health & Housing):** *Testimony from 2017 Regular Session.* PRO: Opioid addiction impacts the fabric of civil society in our state. These local grants enable primary care physicians to create a network of support and professional infrastructure to address opioid use in high need areas. This is a moral issue and policy issue. Closing this tax preference would in effect double the amount of federal dollars that come into our state for these services. Bridging the silos with evidence-based interventions is critical.

**Persons Testifying (Human Services, Mental Health & Housing):** PRO: Senator Reuven Carlyle, Prime Sponsor.

**Persons Signed In To Testify But Not Testifying (Human Services, Mental Health & Housing):** No one.