

# HOUSE BILL No. 5645

March 28, 1990, Introduced by Reps. Kulchitsky, Fitzgerald, Weeks, Bartnik, Nye, Munsell, Ouwinga, Dolan, Jaye, Johnson, Oxender, Pridnia, Dunaskiss, Van Regenmorter, London, Trim, Kosteva, Rocca, Stopczynski, Maynard, Webb, Martin, DeMars and Hoffman and referred to the Committee on Appropriations.

A bill to amend section 273 of Act No. 281 of the Public Acts of 1967, entitled

"Income tax act of 1967,"

as added by Act No. 516 of the Public Acts of 1988, being section 206.273 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 273 of Act No. 281 of the Public Acts of  
2 1967, as added by Act No. 516 of the Public Acts of 1988, being  
3 section 206.273 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5 Sec. 273. (1) For a tax year beginning after 1988, an indi-  
6 vidual meeting the qualifications prescribed in subsection (2)  
7 may claim a refundable credit equal to the amount by which the  
8 individual's expenditures for prescription drugs exceed 5% of  
9 household income, but not more ~~than \$600.00~~ per individual THAN

1 THE MAXIMUM CREDIT AMOUNT PRESCRIBED IN SUBSECTION (3). An  
 2 expenditure for a prescription drug shall not be included in the  
 3 calculation of this credit unless the prescription drug is pur-  
 4 chased directly by the individual and the cost of the prescrip-  
 5 tion drug is not covered by a third party reimbursement plan.

6 (2) An individual shall not claim the credit allowed by this  
 7 section unless the individual meets all of the following  
 8 qualifications:

9 (a) The individual is 65 years of age or older.

10 (b) The individual's household income does not exceed ~~+50%~~  
 11 200% of the federal poverty income standards as defined and  
 12 determined annually by the United States office of management and  
 13 budget and as approved by the state treasurer.

14 (c) The individual is not a resident in a health care or  
 15 mental health facility licensed or operated by the state. The  
 16 qualification prescribed by this subdivision does not apply to a  
 17 resident of a licensed home for the aged.

18 (3) A CREDIT UNDER THIS SECTION SHALL NOT EXCEED THE MAXIMUM  
 19 AMOUNT PRESCRIBED IN THE FOLLOWING TABLE:

20	HOUSEHOLD INCOME AS A PERCENTAGE OF	
21	<u>FEDERAL POVERTY INCOME STANDARDS</u>	<u>MAXIMUM CREDIT AMOUNT</u>
22	100%	\$1,100
23	110	1,000
24	120	900
25	130	800
26	140	700
27	150	600

1	160	500
2	170	400
3	180	300
4	190	200
5	200	100

6 (4) ~~(3)~~ An individual claiming a credit under this section  
7 shall not report the credit amount on the individual's return  
8 filed under this act as an offset against the tax imposed by this  
9 act, but shall claim the credit on a separate form prescribed by  
10 the department. A credit claimed under this section shall not be  
11 refunded unless the claim for the credit is filed with the  
12 department not later than the June 1 immediately following the  
13 tax year for which the credit is claimed. The department shall  
14 administer the credit under this section as a refundable credit.

15 (5) ~~(4)~~ The total amount of the credits refunded under  
16 this section for each tax year shall not exceed ~~\$20,000,000.00~~  
17 \$30,000,000.00 minus the amount expended in that tax year for the  
18 older Michiganians pharmaceutical assistance fund. The depart-  
19 ment shall reduce each credit under this section by the percen-  
20 tage necessary to limit the total credits to the maximum provided  
21 by this subsection.

22 (6) ~~(5)~~ As used in this section:

23 (a) "Household income" means that term as defined in section  
24 508.

25 (b) "Prescription drug" means that term as defined in sec-  
26 tion 17708 of the public health code, Act No. 368 of the Public  
27 Acts of 1978, being section 333.17708 of the Michigan Compiled

1 Laws. In addition, prescription drug includes insulin, syringes,  
2 and needles.

3 Section 2. This amendatory act applies to a tax year begin-  
4 ning after 1989.