

# HOUSE BILL No. 4399

February 27, 1991, Introduced by Reps. Harder, Mathieu, Rocca, Olshove, Saunders, Gire, Middleton, Jaye, Shugars, Clarke, Varga, Baade, Byrum and Anthony and referred to the Committee on Taxation.

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. An

1 expenditure for a prescription drug shall not be included in the  
2 calculation of this credit unless the prescription drug is pur-  
3 chased directly by the individual and the cost of the prescrip-  
4 tion drug is not covered by a third party reimbursement plan.

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

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

9 (b) The individual's household income does not exceed 150%  
10 of the federal poverty income standards as defined and determined  
11 annually by the United States office of management and budget and  
12 as approved by the state treasurer.

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

17 (3) An individual claiming a credit under this section shall  
18 not report the credit amount on the individual's return filed  
19 under this act as an offset against the tax imposed by this act,  
20 but shall claim the credit on a separate form prescribed by the  
21 department. A credit claimed under this section shall not be  
22 refunded unless the claim for the credit is filed with the  
23 department not later than the June 1 immediately following the  
24 tax year for which the credit is claimed. The department shall  
25 administer the credit under this section as a refundable credit.

26 (4) The total amount of the credits refunded under this  
27 section for each tax year shall not exceed \$20,000,000.00 minus

1 the amount expended in that tax year for the older Michiganians  
2 pharmaceutical assistance fund. The department shall reduce each  
3 credit under this section by the percentage necessary to limit  
4 the total credits to the maximum provided by this subsection.  
5 ANY MONEY APPROPRIATED FOR THE PURPOSES OF THIS SECTION THAT IS  
6 NOT EXPENDED ON REFUNDS SHALL BE ALLOCATED TO THE OLDER  
7 MICHIGANIANS PHARMACEUTICAL FUND AND SHALL NOT BE CREDITED TO OR  
8 REVERT TO THE GENERAL FUND.

9 (5) As used in this section:

10 (a) "Household income" means that term as defined in section  
11 508.

12 (b) "Prescription drug" means that term as defined in sec-  
13 tion 17708 of the public health code, Act No. 368 of the Public  
14 Acts of 1978, being section 333.17708 of the Michigan Compiled  
15 Laws. In addition, prescription drug includes insulin, syringes,  
16 and needles.