



HOUSE BILL No. 4012

February 2, 1993, Introduced by Rep. Harder 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~~ WHO MEETS the qualifications prescribed in sub-
7 section (2) may claim a refundable credit equal to the amount by
8 which the individual's expenditures for prescription drugs exceed
9 5% of household income, but not more than \$600.00 per

1 individual. An expenditure for a prescription drug shall not be
2 included in the calculation of this credit unless the prescrip-
3 tion drug is purchased directly by the individual and the cost of
4 the prescription drug is not covered by a third party reimburse-
5 ment 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 150%
11 of the federal poverty income standards as defined and determined
12 annually by the United States office of management and budget and
13 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~~ THIS subdivision does not apply
17 to a resident of a licensed home for the aged.

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

1 (4) The total amount of the credits refunded under this
2 section for each tax year shall not exceed \$20,000,000.00 minus
3 the amount expended in that tax year for the older Michigani-
4 ans pharmaceutical assistance fund. The department shall reduce each
5 credit under this section by the percentage necessary to limit
6 the total credits to the maximum provided by this subsection.

7 (5) THERE IS APPROPRIATED TO THE OLDER MICHIGANIANS PHARMA-
8 CEUTICAL ASSISTANCE FUND CREATED IN SECTION 64 OF THE OLDER
9 MICHIGANIANS ACT, ACT NO. 180 OF THE PUBLIC ACTS OF 1981, BEING
10 SECTION 400.5864 OF THE MICHIGAN COMPILED LAWS, FOR THE 1993-1994
11 STATE FISCAL YEAR AND FOR EACH STATE FISCAL YEAR AFTER THE
12 1993-1994 STATE FISCAL YEAR, \$20,000,000.00 MINUS THE AMOUNT OF
13 THE CREDITS REFUNDED UNDER THIS SECTION IN THE IMMEDIATELY PRE-
14 CEDING STATE FISCAL YEAR FOR REFUNDS FOR A TAX YEAR ENDING IN
15 THAT IMMEDIATELY PRECEDING STATE FISCAL YEAR.

16 (6) ~~-(5)-~~ As used in this section:

17 (a) "Household income" means that term as defined in section
18 508.

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