



HOUSE BILL No. 5920

November 10 1994 Introduced by Rep Nye 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 (5) As used in this section

6 (a) 'Household income means that term as defined in section
7 508

8 (b) Prescription drug means that term as defined in sec-
9 tion 17708 of the public health code, Act No 368 of the Public
10 Acts of 1978, being section 333 17708 of the Michigan Compiled
11 Laws In addition, prescription drug includes insulin, syringes
12 and needles