



# HOUSE BILL No. 5827

April 30, 1996, Introduced by Reps. Freeman, Tesanovich, Brewer, Kelly, Yokich, Gire, Law, Martinez, Hill, Owen, Gubow, Prusi, Goschka, Varga, Cherry, DeMars, Pitoniak, Wetters, Hanley, Willard, DeHart and Kukuk and referred to the Committee on Tax Policy.

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  
7 subsection (2) may claim a refundable credit equal to the amount  
8 by which the individual's expenditures for prescription drugs FOR  
9 THE TAX YEAR exceed 5% of household income, but not more than

1 ~~\$600.00~~ \$1,200.00 per individual. An expenditure for a  
2 prescription drug shall not be included in the calculation of  
3 this credit unless the prescription drug is purchased directly by  
4 the individual and the cost of the prescription drug is not cov-  
5 ered by a third party reimbursement plan.

6 (2) An individual ~~shall not~~ MAY claim the credit allowed  
7 by this section ~~unless~~ IF the individual meets all of the fol-  
8 lowing 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 (B) ~~(c)~~ The individual is not a resident in a health care  
15 or mental health facility licensed or operated by the state.  
16 ~~The qualification prescribed by this~~ THIS subdivision does not  
17 apply to a resident of a licensed home for the aged.

18 (3) An individual ~~claiming~~ WHO CLAIMS a credit under this  
19 section shall not report the credit amount on the individual's  
20 return filed under this act as an offset against the tax imposed  
21 by this act, but shall claim the credit on a separate form pre-  
22 scribed by the department. A credit claimed under this section  
23 shall not be refunded unless the claim for the credit is filed  
24 with the department not later than the June 1 immediately follow-  
25 ing the tax year for which the credit is claimed. The department  
26 shall administer the credit under this section as a refundable  
27 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 Michiganians  
4 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) As used in this section:

8       (a) "Household income" means that term as defined in section  
9 508.

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