

# HOUSE BILL No. 4374

February 25, 1997, Introduced by Reps. Schermesser, Kelly, Bogardus, DeHart, Cherry, Scott, Martinez, Lowe, Tesanovich, Varga, Brewer, Bodem, Goschka, Hale, Thomas, LaForge, McBryde, Hanley, Willard, Brown, Mans, Profit, Palamara, Harder and Parks and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending section 273 (MCL 206.273), as added by 1988 PA 516.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 273. (1) For a tax year beginning after 1988, an indi-  
2       vidual meeting the qualifications prescribed in subsection (2)  
3       may claim a refundable credit equal to the amount by which the  
4       individual's expenditures for prescription drugs exceed 5% of  
5       household income, but not more than \$600.00 per individual. An  
6       expenditure for a prescription drug shall not be included in the  
7       calculation of this credit unless the prescription drug is pur-  
8       chased directly by the individual and the cost of the prescrip-  
9       tion drug is not covered by a third party reimbursement plan.

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

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

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

9 ~~(c) The individual is not a resident in a health care or~~  
10 ~~mental health facility licensed or operated by the state. The~~  
11 ~~qualification prescribed by this subdivision does not apply to a~~  
12 ~~resident of a licensed home for the aged.~~

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

22 (4) The total amount of the credits refunded under this sec-  
23 tion for each tax year shall not exceed \$20,000,000.00 minus the  
24 amount expended in that tax year for the older Michiganians phar-  
25 maceutical assistance fund. The department shall reduce each  
26 credit under this section by the percentage necessary to limit  
27 the total credits to the maximum provided by this subsection.

1 (5) As used in this section:

2 (a) "Household income" means that term as defined in section  
3 508.

4 (b) "Prescription drug" means that term as defined in sec-  
5 tion 17708 of the public health code, ~~Act No. 368 of the Public~~  
6 ~~Acts of 1978, being section 333.17708 of the Michigan Compiled~~  
7 ~~Laws~~ 1978 PA 368, MCL 333.17708. In addition, prescription drug  
8 includes insulin, syringes, and needles.