

Income tax; credit; senior prescription drug tax credit; increase available funds.

INCOME TAX: Credit; HEALTH: Pharmaceuticals; SENIOR CITIZENS: Other; SENIOR CITIZENS: Income tax

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-~~
24 \$26,000,000.00 minus the amount expended in that tax year for the
25 older Michiganians pharmaceutical assistance fund. The depart-
26 ment shall reduce each credit under this section by the

1 percentage necessary to limit the total credits to the maximum
2 provided by this subsection.

3 (5) As used in this section:

4 (a) "Household income" means that term as defined in section
5 508.

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