

# SENATE BILL No. 54

January 30, 2001, Introduced by Senators SHUGARS, NORTH and GOSCHKA and referred to the Committee on Finance.

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~~ WHO MEETS the qualifications prescribed in sub-  
3       section (2) may claim a refundable credit equal to the amount by  
4       which the individual's expenditures for prescription drugs exceed  
5       5% of THE INDIVIDUAL'S household income, but not more than  
6       \$600.00 per individual. An expenditure for a prescription drug  
7       shall not be included in the calculation of this credit unless  
8       the prescription drug is purchased directly by the individual and  
9       the cost of the prescription drug is not covered by a third party  
10       reimbursement plan.

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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 OR TO AN INDIVIDUAL WHO  
13 IS A RESIDENT OF A NURSING HOME AND PAYS 100% OF THE COST OF HIS  
14 OR HER CARE IN THE NURSING HOME. AS USED IN THIS SUBDIVISION,  
15 "NURSING HOME" MEANS THAT TERM AS DEFINED IN SECTION 20109 OF THE  
16 PUBLIC HEALTH CODE, 1978 PA 368, MCL 333.20109.

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~~ 1978 PA 368, MCL 333.17708. In addition, prescription drug  
12 includes insulin, syringes, and needles.

13 Enacting section 1. This amendatory act takes effect  
14 January 1, 2001.