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SR. DRUG CREDIT LIMITS

House Bill 4169

Sponsor: Rep. Judson Gilbert III

Committee: Tax Policy

Complete to 4-29-99

A SUMMARY OF HOUSE BILL 4169 AS INTRODUCED 2-9-99

Public Act 516 of 1988 created a prescription drug credit against the state income tax for low-income senior citizens. People over 65 whose income does not exceed 150 percent of the federal poverty income standards can claim a credit equal to the amount by which their unreimbursed or out-of-pocket expenditures for prescription drugs exceeds five percent of their household income; there is a limit of \$600 per person. It is a refundable credit, meaning that it can be claimed even if the taxpayer has no tax liability. Also, there is a \$20 million cap on the total amount of credits in any one year. If credits claimed exceed that amount, credits for senior citizens are reduced on a pro rata basis. House Bill 4169 would amend the Income Tax Act to raise the maximum credit for an individual to \$800 and the maximum annual total of credits to \$25 million for the 1999 tax year and years following.

MCL 206.273

House Bill 4169 (4-29-99)

Analyst: C. Couch

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