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## NO CAP ON DRUG CREDIT

**House Bill 4078**

**Sponsor: Rep. Gary Woronchak**

**Committee: Tax Policy**

**Complete to 4-29-99**

### **A SUMMARY OF HOUSE BILL 4078 AS INTRODUCED 1-28-99**

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 exceed 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 4078 would amend the Income Tax Act to remove that cap.

MCL 206.273

House Bill 4078 (4-29-99)

Analyst: C. Couch

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.