

(PRE-FILED)

By: **Delegate Stern**
Requested: August 28, 2000
Introduced and read first time: January 10, 2001
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Credit for Prescription Drug Expenses**

3 FOR the purpose of allowing an individual to claim a credit against the State income
4 tax in a certain amount for certain expenses associated with the purchase of
5 certain prescription drugs, subject to certain limitations; providing for the
6 determination of the amount of the credit for nonresidents and part-year
7 residents in a certain manner; defining a certain term; providing for the
8 application of this Act; and generally relating to a credit against the State
9 income tax for expenses associated with the purchase of prescription drugs.

10 BY adding to
11 Article - Tax - General
12 Section 10-722
13 Annotated Code of Maryland
14 (1997 Replacement Volume and 2000 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - Tax - General**

18 10-722.

19 (A) IN THIS SECTION, "PRESCRIPTION DRUG" HAS THE MEANING STATED IN §
20 21-201 OF THE HEALTH - GENERAL ARTICLE.

21 (B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN INDIVIDUAL MAY
22 CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT EQUAL TO 50% OF
23 THE EXPENSES PAID BY THE INDIVIDUAL DURING THE TAXABLE YEAR FOR
24 PRESCRIPTION DRUGS PRESCRIBED FOR THE INDIVIDUAL.

25 (C) THE CREDIT ALLOWED UNDER THIS SECTION IS ONLY APPLICABLE IF:

26 (1) THE TAXPAYER IS AT LEAST 62 YEARS OLD ON THE LAST DAY OF THE
27 TAXABLE YEAR; AND

1 (2) THE PRESCRIPTION DRUG EXPENSES PAID BY THE INDIVIDUAL ARE
2 NOT COMPENSATED FOR BY INSURANCE OR OTHERWISE.

3 (D) (1) FOR ANY TAXABLE YEAR THE CREDIT ALLOWED UNDER THIS
4 SECTION MAY NOT EXCEED THE LESSER OF:

5 (I) \$1,000; OR

6 (II) THE STATE INCOME TAX IMPOSED FOR THE TAXABLE YEAR,
7 CALCULATED BEFORE THE APPLICATION OF THE CREDITS ALLOWED UNDER THIS
8 SECTION AND UNDER §§ 10-701 AND 10-701.1 OF THIS SUBTITLE BUT AFTER THE
9 APPLICATION OF ANY OTHER CREDIT ALLOWED UNDER THIS SUBTITLE.

10 (2) THE UNUSED AMOUNT OF THE CREDIT MAY NOT BE CARRIED OVER
11 TO ANY OTHER TAXABLE YEAR.

12 (E) OF THE AMOUNT DETERMINED UNDER SUBSECTION (B) OF THIS SECTION,
13 AN INDIVIDUAL WHO IS A NONRESIDENT OR IS A RESIDENT OF THE STATE FOR ONLY
14 A PART OF THE YEAR IS ALLOWED ONLY A FRACTION:

15 (1) THE NUMERATOR OF WHICH IS THE INDIVIDUAL'S MARYLAND
16 ADJUSTED GROSS INCOME; AND

17 (2) THE DENOMINATOR OF WHICH IS THE INDIVIDUAL'S FEDERAL
18 ADJUSTED GROSS INCOME.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 July 1, 2001, and shall be applicable to all taxable years beginning after December 31,
21 2000.