

HOUSE BILL 1073

Q3

71r2510

By: **Delegates Manno, Hammen, Hubbard, and Rudolph**

Introduced and read first time: February 9, 2007

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Medicare Part D “Donut Hole” Tax Assistance Act**

3 FOR the purpose of providing for a subtraction modification under the Maryland
4 individual income tax for certain qualified prescription drug expenses; providing
5 for a certain limit on the amount of the subtraction modification if an individual
6 itemizes deductions; defining certain terms; providing for the application of this
7 Act; and generally relating to a Maryland income tax subtraction modification
8 for certain qualified prescription drug expenses.

9 BY repealing and reenacting, without amendments,
10 Article – Tax – General
11 Section 10–208(a)
12 Annotated Code of Maryland
13 (2004 Replacement Volume and 2006 Supplement)

14 BY adding to
15 Article – Tax – General
16 Section 10–208(q)
17 Annotated Code of Maryland
18 (2004 Replacement Volume and 2006 Supplement)

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

21 **Article – Tax – General**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 10-208.

2 (a) In addition to the modification under § 10-207 of this subtitle, the
3 amounts under this section are subtracted from the federal adjusted gross income of a
4 resident to determine Maryland adjusted gross income.

5 (q) (1) (i) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE
6 THE MEANINGS INDICATED.

7 (ii) "PRESCRIPTION DRUG" HAS THE MEANING STATED IN §
8 21-201 OF THE HEALTH - GENERAL ARTICLE.

9 (iii) "QUALIFIED PRESCRIPTION DRUG EXPENSE" MEANS AN
10 AMOUNT THAT:

11 1. IS PAID DURING THE TAXABLE YEAR, NOT
12 COMPENSATED BY INSURANCE OR OTHERWISE, FOR PRESCRIPTION DRUGS FOR
13 USE BY AN INDIVIDUAL WHO IS ELIGIBLE FOR PRESCRIPTION DRUG BENEFITS
14 UNDER PART D OF THE MEDICARE PROGRAM; AND

15 2. WITHIN THE MEANING OF § 1860D-2 OF THE
16 MEDICARE PRESCRIPTION DRUG, IMPROVEMENT, AND MODERNIZATION ACT
17 OF 2003 (P.L. 108-173), IS AN OUT-OF-POCKET EXPENDITURE FOR A COST
18 INCURRED IN EXCESS OF THE INITIAL COVERAGE LIMIT BUT BELOW THE
19 ANNUAL OUT-OF-POCKET THRESHOLD AND IS NOT A DEDUCTIBLE OR
20 COINSURANCE.

21 (2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE
22 SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE
23 AMOUNT OF QUALIFIED PRESCRIPTION DRUG EXPENSES PAID OR INCURRED BY
24 THE INDIVIDUAL FOR THE TAXABLE YEAR.

25 (3) IF AN INDIVIDUAL ITEMIZES DEDUCTIONS ON THE
26 INDIVIDUAL'S MARYLAND INCOME TAX RETURN, THE SUBTRACTION UNDER
27 THIS SUBSECTION MAY NOT EXCEED 7.5% OF THE INDIVIDUAL'S FEDERAL
28 ADJUSTED GROSS INCOME.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 July 1, 2007, and shall be applicable to all taxable years beginning after December 31,
31 2006.