

# SENATE BILL 859

Q3

71r3220  
CF HB 1073

---

By: **Senator Raskin**

Introduced and read first time: February 19, 2007

Assigned to: Rules

---

## 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.