

# HOUSE BILL 37

Q3

8lr0432

HB 1073/07 – W&M

(PRE-FILED)

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By: **Delegate Manno**

Requested: July 24, 2007

Introduced and read first time: January 9, 2008

Assigned to: Ways and Means

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## 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 2007 Supplement)

14 BY adding to  
15 Article – Tax – General  
16 Section 10–208(q)  
17 Annotated Code of Maryland  
18 (2004 Replacement Volume and 2007 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**

22 10–208.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

4 **(Q) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE**  
5 **THE MEANINGS INDICATED.**

6 **(II) “PRESCRIPTION DRUG” HAS THE MEANING STATED IN §**  
7 **21–201 OF THE HEALTH – GENERAL ARTICLE.**

8 **(III) “QUALIFIED PRESCRIPTION DRUG EXPENSE” MEANS AN**  
9 **AMOUNT THAT:**

10 **1. IS PAID DURING THE TAXABLE YEAR, NOT**  
11 **COMPENSATED BY INSURANCE OR OTHERWISE, FOR PRESCRIPTION DRUGS FOR**  
12 **USE BY AN INDIVIDUAL WHO:**

13 **A. IS ELIGIBLE FOR PRESCRIPTION DRUG BENEFITS**  
14 **UNDER PART D OF THE MEDICARE PROGRAM; AND**

15 **B. IS ENROLLED IN THE SENIOR PRESCRIPTION**  
16 **DRUG ASSISTANCE PROGRAM ESTABLISHED UNDER TITLE 14, SUBTITLE 5,**  
17 **PART II OF THE INSURANCE ARTICLE; AND**

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

24 **(2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE**  
25 **SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES AN AMOUNT**  
26 **EQUAL TO 50% OF THE QUALIFIED PRESCRIPTION DRUG EXPENSES PAID OR**  
27 **INCURRED BY THE INDIVIDUAL FOR THE TAXABLE YEAR.**

28 **(3) IF AN INDIVIDUAL ITEMIZES DEDUCTIONS ON THE**  
29 **INDIVIDUAL’S MARYLAND INCOME TAX RETURN, THE SUBTRACTION UNDER**  
30 **THIS SUBSECTION MAY NOT EXCEED 7.5% OF THE INDIVIDUAL’S FEDERAL**  
31 **ADJUSTED GROSS INCOME.**

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
33 July 1, 2008, and shall be applicable to all taxable years beginning after December 31,  
34 2007.