

HOUSE BILL NO. 278

INTRODUCED BY E. EATON

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A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING AN INDIVIDUAL INCOME TAX CREDIT FOR TAXPAYERS 65 YEARS OF AGE OR OLDER IN AN AMOUNT EQUAL TO 50 PERCENT OF THE COST OF INSULIN OR PRESCRIPTION DRUGS OR MEDICINE; ESTABLISHING A MAXIMUM ALLOWABLE CREDIT; ESTABLISHING INCOME LIMITS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION. Section 1. Elderly tax credit for insulin and prescription drugs.** (1) There is a credit

against the taxes otherwise due under this chapter for the actual expenses incurred for insulin or prescription drugs or medicine referred to in section 213(b) of the Internal Revenue Code, 26 U.S.C. 213(b), to the extent that the expenses are not covered or reimbursed by medical insurance or by other sources.

(2) Subject to the conditions of this section, the amount of the credit allowed under subsection (1) is 50% of the amount paid by the taxpayer for insulin or prescription drugs or medicine in the tax year. The amount of the tax credit allowable under subsection (1) may not exceed \$300 for each taxpayer.

(3) In order to claim the credit under this section, the taxpayer must be 65 years of age or older in the tax year for which the credit is claimed.

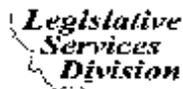
(4) The dollar amount of credit allowable under this section is:

(a) for a taxpayer filing singly or as a head of household, reduced by \$1 for every \$5 of gross household income over \$22,500; or

(b) for married taxpayers filing separately or married taxpayers filing jointly, reduced by \$1 for every \$5 of gross household income over \$36,000.

(5) If the credit allowed under subsection (1) is claimed, the amount of the deduction allowed or allowable under this chapter for the amount that qualifies for the credit must be reduced by the dollar amount of the credit allowed.

(6) If the amount of the credit exceeds the claimant's liability under this chapter, the amount of the excess must be refunded to the claimant. The credit may be claimed even though the claimant has no income that is



1 taxable under this chapter.

2 (7) For the purposes of this section:

3 (a) "gross household income" has the meaning provided in 15-30-171; and

4 (b) "income" has the meaning provided in 15-30-171.

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6 **NEW SECTION. Section 2. Codification instruction.** [Section 1] is intended to be codified as an integral  
7 part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, part 1, apply to [section 1].

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9 **NEW SECTION. Section 3. Effective date.** [This act] is effective on passage and approval.

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11 **NEW SECTION. Section 4. Retroactive applicability.** [This act] applies retroactively, within the  
12 meaning of 1-2-109, to tax years beginning after December 31, 2004.

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