

APR 19 2000
WAYS AND MEANS

HOUSE FILE 2583
BY DAVIS

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing a prescription drug tax credit and including a
2 retroactive applicability date provision.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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FILE 2583

1 Section 1. NEW SECTION. 422.11D PRESCRIPTION DRUG TAX
2 CREDIT.

3 1. The taxes imposed under this division, less the credits
4 allowed under sections 422.12 and 422.12B, shall be reduced by
5 a prescription drug tax credit. The amount of the credit
6 equals twenty-five percent of the unreimbursed cost of
7 prescription drugs and insulin paid by the taxpayer during the
8 tax year. To qualify for the credit, the prescription drugs
9 or insulin must be prescribed for the taxpayer or for the
10 taxpayer's spouse or dependent and the taxpayer, spouse, or
11 dependent for which the prescription drugs or insulin is
12 prescribed must be at least sixty-two years of age during the
13 tax year.

14 For purposes of this section, "cost of prescription drugs
15 and insulin" means the same as are deductible under section
16 213 of the Internal Revenue Code.

17 2. Any credit in excess of the tax liability shall be
18 refunded. In lieu of claiming a refund, a taxpayer may elect
19 to have the overpayment shown on the taxpayer's final,
20 completed return credited to the tax liability for the
21 following taxable year.

22 3. If the credit under this section is claimed for a tax
23 year, the amount of unreimbursed costs of prescription drugs
24 and insulin used in the computation of the credit is not
25 deductible under section 422.9, subsection 2, for medical care
26 expenses under section 213 of the Internal Revenue Code.

27 Sec. 2. This Act applies retroactively to January 1, 2000,
28 for tax years beginning on or after that date.

29 EXPLANATION

30 This bill provides a refundable prescription drug tax
31 credit under the individual income tax. The credit equals 25
32 percent of the unreimbursed cost of prescription drugs and
33 insulin which are deductible as medical care expenses under
34 the Internal Revenue Code and which are prescribed for the
35 taxpayer or the taxpayer's spouse or dependent who is 62 or

1 older during the tax year. The credit is in lieu of an
2 itemized deduction for the costs of prescription drugs and
3 insulin.

4 The bill applies retroactively to January 1, 2000, for tax
5 years beginning on or after that date.

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