

JAN 25 2006

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# A BILL FOR AN ACT

RELATING TO INCOME TAX.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the cost of  
2 prescription drugs is rising astronomically and becoming  
3 unaffordable. Older persons in particular are adversely  
4 affected. Typically, they have limited incomes and many suffer  
5 from chronic illness. Whether with or without drug coverage,  
6 they all need more financial assistance to be able to afford  
7 prescription medications.

8           The purpose of this Act is to provide an income tax credit  
9 for the purchase of prescription drugs by persons age fifty-five  
10 and older.

11           SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
12 amended by adding a new section to be appropriately designated  
13 and to read as follows:

14           "§235-    Prescription drug tax credit. (a) There shall  
15 be allowed to each taxpayer who is age fifty-five and older and  
16 is subject to the tax imposed by this chapter, an income tax  
17 credit for the costs of prescription drug purchases incurred  
18 during the taxable year for the taxpayer to purchase



1 prescription drugs from a pharmacy. Eligible purchases under  
2 this subsection are the same for which an exemption from the  
3 excise tax is provided under section 237-24.3(7)(A). The amount  
4 of the credit shall not exceed \$1,000 per person, per taxable  
5 year. The credit shall be deductible from the taxpayer's net  
6 income tax liability, if any, imposed by this chapter for the  
7 taxable year in which the credit is properly claimed.

8 (b) If the tax credit allowed under subsection (a) exceeds  
9 the taxpayer's net income tax liability, the excess of credit  
10 over liability shall be refunded to the taxpayer; provided that  
11 no refunds or payment on account of the tax credit allowed by  
12 this section shall be made for amounts less than \$1.

13 (c) All claims for tax credits under this section,  
14 including any amended claims, must be filed on or before the end  
15 of the twelfth month following the close of the taxable year for  
16 which the credits may be claimed. Failure to comply with the  
17 foregoing provision shall constitute a waiver of the right to  
18 claim the credit.

19 (d) Application for the prescription drug tax credit shall  
20 be upon forms provided by the department of taxation."

21 SECTION 3. New statutory material is underscored.



1 SECTION 4. This Act, upon its approval, shall apply to  
2 taxable years beginning after July 1, 2006, and shall be  
3 repealed on June 30, 2009.

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INTRODUCED BY: ASL

**Report Title:**  
Tax Credit; Prescription Drugs

**SB. NO. 3108**

**Description:**  
Establishes a tax credit for prescription drug purchases for persons age 55 and older.

