

1 SB79
2 188524-3
3 By Senator Dial
4 RFD: Finance and Taxation Education
5 First Read: 09-JAN-18

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4 ENGROSSED

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7 A BILL
8 TO BE ENTITLED
9 AN ACT

10
11 Relating to state income tax credits for rural
12 physicians; to amend Sections 40-18-130 to 40-18-132,
13 inclusive, Code of Alabama 1975, to increase the number of
14 years a state income tax credit is given to physicians who
15 reside and practice in small rural communities; and to extend
16 the state income tax credit to dentists who reside and
17 practice in small rural communities.

18 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

19 Section 1. Sections 40-18-130 to 40-18-132,
20 inclusive, Code of Alabama 1975, are amended to read as
21 follows:

22 "§40-18-130.

23 It is the intent of the Legislature to institute
24 programs that will make rural Alabama communities more
25 competitive ~~with other states~~ in the recruitment and retention
26 of physicians and dentists and reduce inequities that a ~~small~~
27 ~~or~~ rural hospital and small ~~or~~ rural communities have in the

1 funding and recruitment of ~~physician services~~ physicians and
2 dentists.

3 "§40-18-131.

4 "For the purposes of this article, the following
5 words have the following meanings, respectively, unless the
6 context clearly indicates otherwise:

7 "(1) PRACTICING. Assessing, diagnosing, performing
8 surgical procedures, treating, reporting, or giving advice in
9 a medical capacity in a medical facility, not including a
10 personal residence, located in a small rural community.

11 Practicing includes prescribing medicines and signing any
12 medical certificate required for statutory purposes, such as
13 death and cremation certificates. For purposes of this act, a
14 physician or dentist may practice in multiple locations.

15 "(2) RURAL DENTIST. A dentist licensed to practice
16 dentistry in Alabama who practices and resides in a small
17 rural community and practices an annual average of at least 20
18 hours per week.

19 "(3) RURAL PHYSICIAN. A physician licensed to
20 practice medicine in Alabama who practices and resides in a
21 small ~~or~~ rural community and has ~~admission privileges to a~~
22 ~~small or rural hospital~~ practices medicine an annual average
23 of at least 20 hours per week.

24 "~~(2)~~ (4) SMALL ~~OR~~ RURAL COMMUNITY. A community in
25 Alabama ~~not located in an urbanized area~~ that has less than
26 25,000 ~~35,000~~ residents according to the latest decennial
27 census ~~and has a hospital with an emergency room.~~

1 ~~"(3) SMALL OR RURAL HOSPITAL. An acute care hospital~~
2 ~~that meets one of the following requirements:~~

3 ~~"a. Contains less than 105 beds and is located more~~
4 ~~than 20 miles, under normal travel conditions, from another~~
5 ~~acute care hospital located in Alabama.~~

6 ~~"b. Receives Medicare rural reimbursement from the~~
7 ~~federal government.~~

8 ~~"§40-18-132.~~

9 "(a) Beginning with the 1994 tax year and
10 terminating with the 2018 tax year, a person qualifying as a
11 rural physician shall be allowed a credit against the tax
12 imposed by Section 40-18-2, in the sum of \$5,000. No credit
13 shall be allowed to a rural physician who is, on May 4, 1993,
14 practicing in a small or rural community. No credit shall be
15 allowed to a physician who has previously practiced in a small
16 or rural community unless, after May 4, 1993, that physician
17 returns to practice in a small or rural community after having
18 practiced in a large or urban community or outside of Alabama
19 for at least three years. The tax credit may be claimed for
20 not more than five consecutive tax years.

21 "(b) Beginning with the 2019 tax year, a person
22 newly qualifying as a rural dentist or a rural physician shall
23 be allowed a credit against the tax imposed by Section
24 40-18-2, in the sum of five thousand dollars (\$5,000). The tax
25 credit may be claimed for not more than 10 consecutive tax
26 years so long as the person continues to qualify as a rural
27 physician or a rural dentist. A physician receiving the tax

1 credit in subsection (a) during the 2018 tax year who also
2 qualifiers as a rural physician under this subsection shall be
3 entitled to a tax credit of five thousand dollars (\$5,000) per
4 tax year for a period of 10 consecutive years less the number
5 of years prior to tax year 2018 for which the tax credit under
6 subsection (a) has been received.

7 "No tax credit shall be allowed under this
8 subsection to a physician or dentist who has previously
9 practiced in a small rural community unless, after December
10 31, 2018, the physician or dentist returns to practice in a
11 small rural community after having practiced in a large or
12 urban community or outside of Alabama for at least three
13 years.

14 "(c) Prior to claiming a credit under this act, the
15 rural physician or rural dentist shall submit to the Alabama
16 Department of Public Health, or their designee adequate
17 information to substantiate that they qualify for the income
18 tax credit. The Alabama Department of Public Health, or their
19 designee, upon review of the foregoing documentation from the
20 rural physician or dentist, shall make the determination on
21 whether they qualify for the credit, and shall issue a
22 certificate to the qualifying physician and dentist. No credit
23 shall be granted to a rural physician or rural dentist who
24 does not obtain a certificate from the Alabama Department of
25 Public Health, or their designee, prior to claiming the credit
26 on their income tax return, and fails to attach such

1 certification to their income tax return at the time the
2 credit is being claimed.

3 "(d) Effective for tax years beginning after
4 December 31, 2017, the Alabama Department of Public Health, or
5 their designee shall file an annual informational report in
6 accordance with Section 40-1-50 and rules adopted thereunder,
7 for physicians and dentists receiving the credit under this
8 article.

9 "(e) The Department of Revenue shall promulgate any
10 rules and regulations necessary to implement and administer
11 the provisions of this article."

12 Section 2. This act shall become effective
13 immediately following its passage and approval by the
14 Governor, or its otherwise becoming law.

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Senate

Read for the first time and referred to the Senate
committee on Finance and Taxation Education 09-JAN-18

Read for the second time and placed on the calen-
dar 1 amendment..... 23-JAN-18

Read for the third time and passed as amended 30-JAN-18

Yeas 31
Nays 0

Patrick Harris,
Secretary.