

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

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8 SYNOPSIS: Under existing law, a state income tax
9 credit of \$5,000 is given to rural physicians who
10 practice and reside in rural communities for five
11 years.

12 This bill would increase from five to 10 the
13 number of years the state income tax credit is
14 given and extend the tax credit to dentists who
15 reside and practice in small rural communities, and
16 would reduce the number of years the state income
17 tax credit is available back to five years
18 beginning in tax year 2023.

19
20 A BILL
21 TO BE ENTITLED
22 AN ACT

23
24 Relating to state income tax credits for rural
25 physicians; to amend Sections 40-18-130 to 40-18-132,
26 inclusive, Code of Alabama 1975, to increase the number of
27 years a state income tax credit is given to physicians who

1 reside and practice in small rural communities; and to extend
2 the state income tax credit to dentists who reside and
3 practice in small rural communities.

4 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

5 Section 1. Sections 40-18-130 to 40-18-132,
6 inclusive, Code of Alabama 1975, are amended to read as
7 follows:

8 "§40-18-130.

9 It is the intent of the Legislature to institute
10 programs that will make rural Alabama communities more
11 competitive ~~with other states~~ in the recruitment and retention
12 of physicians and dentists and reduce inequities that a ~~small~~
13 ~~or~~ rural hospital and small ~~or~~ rural communities have in the
14 funding and recruitment of ~~physician services~~ physicians and
15 dentists.

16 "§40-18-131.

17 "For the purposes of this article, the following
18 words have the following meanings, respectively, unless the
19 context clearly indicates otherwise:

20 "(1) RURAL DENTIST. A dentist licensed to practice
21 dentistry in Alabama who practices and resides in a small
22 rural community and practices an annual average of at least 20
23 hours per week.

24 "(2) RURAL PHYSICIAN. A physician licensed to
25 practice medicine in Alabama who practices and resides in a
26 small ~~or~~ rural community and has ~~admission privileges to a~~

1 ~~small or rural hospital~~ practices medicine an annual average
2 of at least 20 hours per week.

3 ~~"(2)~~ (3) SMALL ~~OR~~ RURAL COMMUNITY. A community in
4 Alabama not located in an urbanized area that has less than
5 25,000 residents according to the latest decennial census ~~and~~
6 ~~has a hospital with an emergency room.~~

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

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

12 ~~"b. Receives Medicare rural reimbursement from the~~
13 ~~federal government.~~

14 ~~"§40-18-132.~~

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

1 "(b) Beginning with the 2019 tax year and ending
2 with the 2023 tax year, a person qualifying as a rural dentist
3 or a rural physician shall be allowed a credit against the tax
4 imposed by Section 40-18-2, in the sum of five thousand
5 dollars (\$5,000). The tax credit may be claimed for not more
6 than 10 consecutive tax years. A physician receiving the tax
7 credit in subsection (a) during the 2018 tax year who is also
8 entitled to the tax credit under this subsection shall be
9 entitled to a tax credit of five thousand dollars (\$5,000) per
10 tax year for a period of 10 years less the number of years
11 prior to tax year 2018 for which the tax credit under
12 subsection (a) has been received.

13 "(c) Beginning with the 2023 tax year, a person
14 qualifying as a rural physician shall be allowed a credit
15 against the tax imposed by Section 40-18-2, in the sum of five
16 thousand dollars (\$5,000). No credit shall be allowed to a
17 rural physician who is, on May 4, 1993, practicing in a small
18 or rural community. No credit shall be allowed to a physician
19 who has previously practiced in a small or rural community
20 unless, after May 4, 1993, that physician returns to practice
21 in a small or rural community after having practiced in a
22 large or urban community for at least three years. The tax
23 credit may be claimed for not more than five consecutive tax
24 years.

25 "(d) The Department of Revenue shall promulgate any
26 rules and regulations necessary to implement and administer
27 the provisions of this article."

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