

**HB245 ENGROSSED**



1      HB245  
2      I3JHTW6-2  
3      By Representative Collins  
4      RFD: Ways and Means Education  
5      First Read: 14-Jan-26



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TO BE ENTITLED

## AN ACT

9 Relating to rural health care; to amend Sections  
10 40-18-551, 40-18-552, 40-18-557, and 40-18-559, Code of  
11 Alabama 1975, as created by Act 2025-404 of the 2025 Regular  
12 Session, to further provide for the oversight of the Rural  
13 Hospital Investment Program Board, to expand the definition of  
14 utility tax, and to repeal Section 40-18-560, Code of Alabama  
15 1975, relating to rulemaking authority of the State Treasurer  
16 and the Rural Hospital Investment Program Board.

17 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

18                   Section 1. Sections 40-18-551, 40-18-552, 40-18-557 and  
19   40-18-559, Code of Alabama 1975, are amended to read as  
20   follows:

21 "§40-18-551

22 For the purposes of this article, the following terms  
23 have the following meanings:

24 (1) BOARD. The Rural Hospital Investment Program Board.

25 (2) DEPARTMENT. The Alabama Department of Revenue.

26 (3) ELIGIBLE RURAL HOSPITAL. A hospital that meets the  
27 requirements set out in Section 40-18-553.

28 (4) ELIGIBLE TAXES. Financial institution excise tax,



29 income tax, insurance premium tax, and utility tax.

30 (5) FINANCIAL INSTITUTION EXCISE TAX. The taxes levied  
31 and collected pursuant to Chapter 16.

32 (6) INCOME TAX. The taxes levied and collected pursuant  
33 to Chapter 18.

34 (7) INSURANCE PREMIUM TAX. The taxes levied and  
35 collected pursuant to Chapter 4A of Title 27.

36 (8) PROGRAM. The Rural Hospital Investment Program.

37 (9) QUALIFIED DONATION. An unrestricted transfer of  
38 funds for eligible rural hospitals.

39 (10) QUALIFIED DONOR. Any person, third party, or  
40 organization that makes a qualified donation to an eligible  
41 rural hospital.

42 (11) RURAL HOSPITAL. A rural general acute care, rural  
43 emergency, or critical access hospital determined to be  
44 located in a rural area as set out in Section 40-18-553(a)(2).

45 (12) TAX YEAR. The calendar year for which annual  
46 income is reported to the State of Alabama by a person that  
47 makes a qualified donation.

48 (13) THIRD PARTY. An entity classified as a tax-exempt  
49 nonprofit organization by the Internal Revenue Service which  
50 participates in soliciting, administering, or managing  
51 qualified donations for eligible rural hospitals.

52 (14) UTILITY TAX. The taxes levied and collected  
53 pursuant to Articles 3 and 4 of Chapter 21 of this title and  
54 the tax levied in Sections 40-21-50, 40-21-51, and 40-21-53."

55 "§40-18-552

56 (a) The Rural Hospital Investment Program Board is



57       established within the ~~Office of the State Treasurer~~department  
58       —to oversee the development and operation of the Rural  
59       Hospital Investment Program. The board shall consist of the  
60       following members:

61               (1) The Governor, or his or her designee.  
62               (2) The State Treasurer, or his or her designee.  
63               (3) The Commissioner of Revenue, or his or her  
64       designee.  
65               (4) The President Pro Tempore of the Senate, or his or  
66       her designee.

67               (5) The Speaker of the House of Representatives, or his  
68       or her designee.

69               (6) Two representatives of the Alabama Hospital  
70       Association, appointed by the association.

71               (7) Two representatives of business, appointed by the  
72       Business Council of Alabama.

73               ~~(b) Members shall be appointed by June 13, 2025.~~

74               ~~(e)~~(b) (1) The appointing authorities for the members  
75       appointed pursuant to subdivisions (a) (6) and (a) (7) shall  
76       each appoint one initial member to the board for a term of two  
77       years and one initial member to the board for a term of four  
78       years.

79               (2) Members subsequently appointed to the board  
80       pursuant to subdivisions (a) (6) and (a) (7) shall each serve  
81       for a term of four years.

82               (3) A vacancy on the board of a representative  
83       appointed pursuant to subdivisions (a) (6) and (a) (7) shall be  
84       filled by the respective appointing authority before the next



85 scheduled meeting of the board, and the appointee shall serve  
86 for the remainder of the unexpired term.

87 ~~(d)(c)~~ Designees or appointees to the board shall be  
88 inclusive and reflect the racial, gender, geographic, urban,  
89 rural, and economic diversity of the state.

90 ~~(e)(1) No later than July 14, 2025, the Governor, or  
91 his or her designee, shall call the first meeting of the  
92 board, at which meeting the members shall elect a chair.~~

93 ~~(2)(1)~~ The board shall meet at least once a year in  
94 Montgomery, Alabama, but thereafter shall meet as necessary to  
95 conduct its business.

96 ~~(3)(2)~~ A quorum for a meeting of the board shall be  
97 five members.

98 ~~(4)(3)~~ The board may meet by electronic means, so long  
99 as there is a quorum of participating members.

100 ~~(5)(4)~~ The legislative members of the board shall be  
101 entitled to their legislative compensation, per diem, and  
102 travel expenses for each day they attend a meeting of the  
103 board pursuant to Section 49 of the Constitution of Alabama of  
104 2022.

105 ~~(6)(5)~~ The nonlegislative members of the board shall  
106 serve without compensation but may be reimbursed for necessary  
107 expenses in attending meetings of the board pursuant to the  
108 policies of his or her respective appointing authority.

109 "§40-18-557

110 (a) A taxpayer may claim a tax credit to offset  
111 eligible taxes for each qualified donation as provided in this  
112 section.



113 (1) For a donor who is a single individual, a head of  
114 household, or married, filing a separate return: an amount  
115 equal to 100 percent of the qualified donations the taxpayer  
116 made during the tax year for which the credit is claimed, not  
117 to exceed fifteen thousand dollars (\$15,000).

118 (2) For a donor who is married, filing a joint return:  
119 100 percent of the qualified donations the taxpayer made  
120 during the tax year for which the credit is claimed, not to  
121 exceed thirty thousand dollars (\$30,000).

122 (3)a. For a qualified donor that is taxed as an  
123 electing pass-through entity under Section 40-18-24.4: 100  
124 percent of the qualified donations the taxpayer made during  
125 the tax year for which the credit is claimed, not to exceed  
126 four hundred fifty thousand dollars (\$450,000).

127                   b. The tax credit shall be taken by the taxpayer on a  
128 pro rata basis according to the percentage of ownership in the  
129 entity or the limitations set forth in this section, whichever  
130 is less. In the case of a donor that is taxed as a corporation  
131 under the Internal Revenue Code: an amount equal to 100  
132 percent of the qualified donations the taxpayer made during  
133 the tax year for which the credit is claimed, or 75 percent of  
134 the corporation's income, excise, or insurance premium tax,  
135 not to exceed the amount of the corporation's income, excise,  
136 or insurance premium tax liability, whichever is less, with a  
137 contribution limit each tax year of five hundred thousand  
138 dollars (\$500,000).

139 (4)a. A credit for utility taxes may be claimed in an  
140 amount equal to 100 percent of total qualified donations



141 during the taxable year for which the credit is claimed. In  
142 order to claim a credit against utility tax payments levied in  
143 Articles 3 and 4 of Chapter 21 of this title under this  
144 subdivision, a taxpayer must have a utility tax direct pay  
145 permit from the department pursuant to its requirements. A  
146 taxpayer shall provide a copy of the utility tax direct pay  
147 permit to each utility provider from whom the taxpayer  
148 receives services. A taxpayer holding a direct pay permit  
149 shall notify the department of each qualified donation  
150 pursuant to the department's procedures. To the extent credits  
151 are available, the department shall reserve credits for a  
152 taxpayer and provide written confirmation thereof.

153       b. Upon receipt of a qualified donation, the recipient  
154 shall submit to the department certification of the donation  
155 received from a taxpayer under this subdivision pursuant to  
156 procedures established by the department within 30 business  
157 days after receipt of each donation. Upon receipt of the  
158 certification from the recipient, the department shall provide  
159 written confirmation to the taxpayer within 30 business days  
160 that the reserved credits of the taxpayer in the amounts of  
161 qualified donations actually made and not yet claimed are  
162 eligible to be used on its monthly utility tax direct pay  
163 return. A taxpayer may not use a credit against the utility  
164 tax until such time as the department provides the  
165 notification described in the previous sentence.

166       (b) (1) The total amount of the tax credit for a tax  
167 year may not exceed the taxpayer's tax liability or, for  
168 financial institutions, the state portion of the taxpayer's



169 financial institution excise tax liability.

170 (2) Any unused tax credit may be carried forward for up  
171 to three years following the qualified donation but shall not  
172 be transferable.

173 (c) (1) The tax credits may be claimed beginning January  
174 1, 2026, for the 2026 tax year.

175 (2) Any unused tax credit may be carried forward for up  
176 to three years following the qualified donations but shall not  
177 be transferable.

178 "§40-18-559

179 (a) The department shall adopt rules pursuant to the  
180 Alabama Administrative Procedure Act ~~on or before January 1,~~  
181 ~~2026, as necessary~~ to administer and implement this article,  
182 inclusive of the responsibility of the board. The rules shall  
183 provide for all of the following:

184 (1) That the tax credits will not reduce the  
185 distribution for the Alabama Special Mental Health Fund.

186 (2) That the tax credits shall be awarded based on the  
187 order in which the credits are requested.

188 (b) The department shall prescribe the method by which  
189 the tax credits are to be issued to eligible taxpayers."

190 Section 2. Section 40-18-560, Code of Alabama 1975,  
191 relating to the rulemaking authority of the State Treasurer  
192 and the Rural Hospital Investment Program Board, is repealed.

193 Section 3. This act shall become effective immediately.



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House of Representatives

197 Read for the first time and referred .....14-Jan-26  
198 to the House of Representatives  
199 committee on Ways and Means  
200 Education  
201  
202 Read for the second time and placed .....20-Jan-26  
203 on the calendar:  
204 0 amendments  
205  
206 Read for the third time and passed .....22-Jan-26  
207 as amended  
208 Yeas 104  
209 Nays 0  
210 Abstains 0  
211  
212  
213 John Treadwell  
214 Clerk  
215