

HB245 INTRODUCED



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



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4 SYNOPSIS:

5 Under current law, the State Treasurer is
6 required to oversee the development and operation of
7 the Rural Hospital Investment Program Board.

8 This bill would require the Alabama Department
9 of Revenue to oversee the operation of the Rural
10 Hospital Investment Program Board.

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13 A BILL

14 TO BE ENTITLED

15 AN ACT

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17 Relating to rural health care; to amend Sections
18 40-18-551, 40-18-552, 40-18-557, and 40-18-559, Code of
19 Alabama 1975, as created by Act 2025-404 of the 2025 Regular
20 Session, to further provide for the oversight of the Rural
21 Hospital Investment Program Board, to expand the definition of
22 utility tax, and to repeal Section 40-18-560, Code of Alabama
23 1975, relating to rulemaking authority of the State Treasurer
24 and the Rural Hospital Investment Program Board.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

26 Section 1. Sections 40-18-551, 40-18-552, 40-18-557 and
27 40-18-559, Code of Alabama 1975, are amended to read as
28 follows:



29 "§40-18-551

30 For the purposes of this article, the following terms
31 have the following meanings:

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

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

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

36 (4) ELIGIBLE TAXES. Financial institution excise tax,
37 income tax, insurance premium tax, and utility tax.

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

40 (6) INCOME TAX. The taxes levied and collected pursuant
41 to Chapter 18.

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

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

45 (9) QUALIFIED DONATION. An unrestricted transfer of
46 funds for eligible rural hospitals.

47 (10) QUALIFIED DONOR. Any person, third party, or
48 organization that makes a qualified donation to an eligible
49 rural hospital.

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

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

56 (13) THIRD PARTY. An entity classified as a tax-exempt



57 nonprofit organization by the Internal Revenue Service which
58 participates in soliciting, administering, or managing
59 qualified donations for eligible rural hospitals.

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

63 "§40-18-552

64 (a) The Rural Hospital Investment Program Board is
65 established within the ~~Office of the State Treasurer~~department
66 —to oversee the development and operation of the Rural
67 Hospital Investment Program. The board shall consist of the
68 following members:

69 (1) The Governor, or his or her designee.
70 (2) The State Treasurer, or his or her designee.
71 (3) The Commissioner of Revenue, or his or her
72 designee.

73 (4) The President Pro Tempore of the Senate, or his or
74 her designee.

75 (5) The Speaker of the House of Representatives, or his
76 or her designee.

77 (6) Two representatives of the Alabama Hospital
78 Association, appointed by the association.

79 (7) Two representatives of business, appointed by the
80 Business Council of Alabama.

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

82 ~~(c)~~ (b) (1) The appointing authorities for the members
83 appointed pursuant to subdivisions (a) ~~(6)~~(5) and (a) ~~(7)~~(6)
84 shall each appoint one initial member to the board for a term



85 of two years and one initial member to the board for a term of
86 four years.

87 (2) Members subsequently appointed to the board
88 pursuant to subdivisions (a) ~~(6)~~(5) and (a) ~~(7)~~(6) shall each
89 serve for a term of four years.

90 (3) A vacancy on the board of a representative
91 appointed pursuant to subdivisions (a) ~~(6)~~(5) and (a) ~~(7)~~(6)
92 shall be filled by the respective appointing authority before
93 the next scheduled meeting of the board, and the appointee
94 shall serve for the remainder of the unexpired term.

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

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

101 ~~(2)~~(1) The board shall meet at least once a year in
102 Montgomery, Alabama, but thereafter shall meet as necessary to
103 conduct its business.

104 ~~(3)~~(2) A quorum for a meeting of the board shall be
105 five members.

106 ~~(4)~~(3) The board may meet by electronic means, so long
107 as there is a quorum of participating members.

108 ~~(5)~~(4) The legislative members of the board shall be
109 entitled to their legislative compensation, per diem, and
110 travel expenses for each day they attend a meeting of the
111 board pursuant to Section 49 of the Constitution of Alabama of
112 2022.



113 ~~(6)~~ (5) The nonlegislative members of the board shall
114 serve without compensation but may be reimbursed for necessary
115 expenses in attending meetings of the board pursuant to the
116 policies of his or her respective appointing authority.

117 "§40-18-557

118 (a) A taxpayer may claim a tax credit to offset
119 eligible taxes for each qualified donation as provided in this
120 section.

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

126 (2) For a donor who is married, filing a joint return:
127 100 percent of the qualified donations the taxpayer made
128 during the tax year for which the credit is claimed, not to
129 exceed thirty thousand dollars (\$30,000).

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

135 b. The tax credit shall be taken by the taxpayer on a
136 pro rata basis according to the percentage of ownership in the
137 entity or the limitations set forth in this section, whichever
138 is less. In the case of a donor that is taxed as a corporation
139 under the Internal Revenue Code: an amount equal to 100
140 percent of the qualified donations the taxpayer made during



141 the tax year for which the credit is claimed, or 75 percent of
142 the corporation's income, excise, or insurance premium tax,
143 not to exceed the amount of the corporation's income, excise,
144 or insurance premium tax liability, whichever is less, with a
145 contribution limit each tax year of five hundred thousand
146 dollars (\$500,000).

147 (4)a. A credit for utility taxes may be claimed in an
148 amount equal to 100 percent of total qualified donations
149 during the taxable year for which the credit is claimed. In
150 order to claim a credit against utility tax payments levied in
151 Articles 3 and 4 of Chapter 21 of this title under this
152 subdivision, a taxpayer must have a utility tax direct pay
153 permit from the department pursuant to its requirements. A
154 taxpayer shall provide a copy of the utility tax direct pay
155 permit to each utility provider from whom the taxpayer
156 receives services. A taxpayer holding a direct pay permit
157 shall notify the department of each qualified donation
158 pursuant to the department's procedures. To the extent credits
159 are available, the department shall reserve credits for a
160 taxpayer and provide written confirmation thereof.

161 b. Upon receipt of a qualified donation, the recipient
162 shall submit to the department certification of the donation
163 received from a taxpayer under this subdivision pursuant to
164 procedures established by the department within 30 business
165 days after receipt of each donation. Upon receipt of the
166 certification from the recipient, the department shall provide
167 written confirmation to the taxpayer within 30 business days
168 that the reserved credits of the taxpayer in the amounts of



169 qualified donations actually made and not yet claimed are
170 eligible to be used on its monthly utility tax direct pay
171 return. A taxpayer may not use a credit against the utility
172 tax until such time as the department provides the
173 notification described in the previous sentence.

174 (b) (1) The total amount of the tax credit for a tax
175 year may not exceed the taxpayer's tax liability or, for
176 financial institutions, the state portion of the taxpayer's
177 financial institution excise tax liability.

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

181 (c) (1) The tax credits may be claimed beginning January
182 1, 2026, for the 2026 tax year.

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

186 "§40-18-559

187 (a) The department shall adopt rules pursuant to the
188 Alabama Administrative Procedure Act ~~on or before January 1,~~
189 ~~2026, as necessary~~ to administer and implement this article inclusive of the responsibility of the board. The rules shall
190 provide for all of the following:

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

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

196 (b) The department shall prescribe the method by which

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197 the tax credits are to be issued to eligible taxpayers."

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

201 Section 3. This act shall become effective immediately.