

1 SB22  
2 178185-1  
3 By Senator Dial  
4 RFD: Finance and Taxation Education  
5 First Read: 07-FEB-17  
6 PFD: 01/12/2017

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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.

16  
17 A BILL  
18 TO BE ENTITLED  
19 AN ACT

20  
21 Relating to state income tax credits for rural  
22 physicians; to amend Sections 40-18-130 to 40-18-132,  
23 inclusive, Code of Alabama 1975, to increase the number of  
24 years a state income tax credit is given to physicians who  
25 reside and practice in small rural communities; and to extend  
26 the state income tax credit to dentists who reside and  
27 practice in small rural communities.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. Sections 40-18-130 to 40-18-132,  
3 inclusive, Code of Alabama 1975, are amended to read as  
4 follows:

5 "§40-18-130.

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

13 "§40-18-131.

14 "For the purposes of this article, the following  
15 words have the following meanings, respectively, unless the  
16 context clearly indicates otherwise:

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

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

26 "~~(2)~~ (3) SMALL OR RURAL COMMUNITY. A community in  
27 Alabama not located in an urbanized area that has less than

1 25,000 residents according to the latest decennial census ~~and~~  
2 ~~has a hospital with an emergency room.~~

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

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

8 ~~"b. Receives Medicare rural reimbursement from the~~  
9 ~~federal government.~~

10 "§40-18-132.

11 "(a) Beginning with the 1994 tax year and  
12 terminating with the 2016 tax year, a person qualifying as a  
13 rural physician shall be allowed a credit against the tax  
14 imposed by Section 40-18-2, in the sum of \$5,000. No credit  
15 shall be allowed to a rural physician who is, on May 4, 1993,  
16 practicing in a small or rural community. No credit shall be  
17 allowed to a physician who has previously practiced in a small  
18 or rural community unless, after May 4, 1993, that physician  
19 returns to practice in a small or rural community after having  
20 practiced in a large or urban community for at least three  
21 years. The tax credit may be claimed for not more than five  
22 consecutive tax years.

23 "(b) Beginning with the 2017 tax year, a person  
24 qualifying as a rural dentist or a rural physician shall be  
25 allowed a credit against the tax imposed by Section 40-18-2,  
26 in the sum of five thousand dollars (\$5,000). The tax credit  
27 may be claimed for not more than 10 consecutive tax years. A

1 physician receiving the tax credit in subsection (a) during  
2 the 2016 tax year who is also entitled to the tax credit under  
3 this subsection shall be entitled to a tax credit of five  
4 thousand dollars (\$5,000) per tax year for a period of 10  
5 years less the number of years prior to tax year 2017 for  
6 which the tax credit under subsection (a) has been received.

7           "(c) The Department of Revenue shall promulgate any  
8 rules and regulations necessary to implement and administer  
9 the provisions of this article."

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