

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

2
3
4 ENGROSSED

5
6
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) RURAL DENTIST. A dentist licensed to practice
8 dentistry in Alabama who practices and resides in a small
9 rural community and practices an annual average of at least 20
10 hours per week.

11 "(2) RURAL PHYSICIAN. A physician licensed to
12 practice medicine in Alabama who practices and resides in a
13 small ~~or~~ rural community and ~~has admission privileges to a~~
14 ~~small or rural hospital~~ practices medicine an annual average
15 of at least 20 hours per week.

16 "~~(2)~~ (3) SMALL OR RURAL COMMUNITY. A community in
17 Alabama not located in an urbanized area that has less than
18 25,000 residents according to the latest decennial census ~~and~~
19 ~~has a hospital with an emergency room~~.

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

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

25 "b. ~~Receives Medicare rural reimbursement from the~~
26 ~~federal government.~~

27 "§40-18-132.

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

13 "(b) Beginning with the 2017 tax year and ending
14 with the 2021 tax year, a person qualifying as a rural dentist
15 or a rural physician shall be allowed a credit against the tax
16 imposed by Section 40-18-2, in the sum of five thousand
17 dollars (\$5,000). The tax credit may be claimed for not more
18 than 10 consecutive tax years. A physician receiving the tax
19 credit in subsection (a) during the 2016 tax year who is also
20 entitled to the tax credit under this subsection shall be
21 entitled to a tax credit of five thousand dollars (\$5,000) per
22 tax year for a period of 10 years less the number of years
23 prior to tax year 2017 for which the tax credit under
24 subsection (a) has been received.

25 "(c) Beginning with the 2022 tax year, a person
26 qualifying as a rural physician shall be allowed a credit
27 against the tax imposed by Section 40-18-2, in the sum of

1 \$5,000. No credit shall be allowed to a rural physician who
2 is, on May 4, 1993, practicing in a small or rural community.
3 No credit shall be allowed to a physician who has previously
4 practiced in a small or rural community unless, after May 4,
5 1993, that physician returns to practice in a small or rural
6 community after having practiced in a large or urban community
7 for at least three years. The tax credit may be claimed for
8 not more than five consecutive tax years."

9 "(d) 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.

1
2
3
4
5
6
7
8
9
10

11
12
13
14
15
16
17

Senate

Read for the first time and referred to the Senate
committee on Finance and Taxation Education 07-FEB-17

Read for the second time and placed on the calen-
dar..... 23-FEB-17

Read for the third time and passed as amended 11-APR-17

Yeas 30
Nays 0

Patrick Harris,
Secretary.