

1 SB62
2 189492-1
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, an income tax credit is
9 available to rural physicians who practice and
10 reside in rural communities.

11 Beginning with the 2018 tax year and ending
12 with the 2022 tax year, this bill would provide
13 rural physicians and dentists a state income tax
14 credit in a tax year during which they reside and
15 practice in areas of critical need, and allow the
16 credit to be claimed for up to ten consecutive
17 years.

18
19 A BILL
20 TO BE ENTITLED
21 AN ACT
22

23 Relating to state income tax credits for rural
24 physicians; to increase the number of years a state income tax
25 credit is given to physicians who reside and practice in areas
26 of critical need; and to extend the state income tax credit to
27 dentists who reside and practice in areas of critical need.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. Section 40-18-132, Code of Alabama 1975,
3 is amended to read as follows:

4 "§40-18-132.

5 "Beginning with the 1994 tax year and terminating
6 with the 2017 tax year, a person qualifying as a rural
7 physician shall be allowed a credit against the tax imposed by
8 Section 40-18-2, in the sum of \$5,000. No credit shall be
9 allowed to a rural physician who is, on May 4, 1993,
10 practicing in a small or rural community. No credit shall be
11 allowed to a physician who has previously practiced in a small
12 or rural community unless, after May 4, 1993, that physician
13 returns to practice in a small or rural community after having
14 practiced in a large or urban community for at least three
15 years. The tax credit may be claimed for not more than five
16 consecutive tax years. The Department of Revenue shall
17 promulgate any rules and regulations necessary to implement
18 and administer the provisions of this article."

19 Section 2. This act shall be known and cited as the
20 Rural Physician and Dentist Credit Act of 2018.

21 Section 3. For the purposes of this act, the
22 following words shall have the following meanings:

23 (1) AREA OF CRITICAL NEED. Any location in Alabama
24 that is not a part of, or within ten (10) miles of, either of
25 the following:

1 a. The legally defined boundaries of a municipal
2 corporation with a population of more than 25,000 according to
3 the latest decennial census.

4 b. An urbanized area as defined most recently by the
5 United States Census Bureau.

6 (2) PRACTICING. Assessing, diagnosing, performing
7 surgical procedures, treating, reporting, or giving advice in
8 a medical capacity in a medical facility, not including a
9 personal residence, located in an area of critical need.
10 Practicing includes prescribing medicines and signing any
11 medical certificate required for statutory purposes, such as
12 death and cremation certificates. For purposes of this act, a
13 physician or dentist may practice in multiple locations.

14 (3) RURAL DENTIST. A dentist licensed to practice
15 dentistry in Alabama who practices and resides in an area of
16 critical need, and practices dentistry an annual average of at
17 least 20 hours per week.

18 (4) RURAL PHYSICIAN. A physician licensed to
19 practice medicine in Alabama who practices and resides in an
20 area of critical need, and practices medicine an annual
21 average of at least 20 hours per week.

22 Section 4. Beginning with the 2018 tax year and
23 ending with the 2022 tax year, a person qualifying as a rural
24 physician or a rural dentist shall be allowed a credit against
25 the tax imposed by Section 40-18-2, Code of Alabama 1975, in
26 the sum of five thousand dollars (\$5,000). No credit shall be
27 allowed under this section to a rural physician or rural

1 dentist who has previously practiced in an area of critical
2 need, unless that physician or dentist returns to practice in
3 an area of critical need after having practiced outside of an
4 area of critical need for at least three years. The tax credit
5 provided under this section may be claimed for not more than
6 ten consecutive tax years, including the years of initial
7 qualification, during which the person continues to qualify as
8 a rural physician or rural dentist. A physician receiving the
9 tax credit in Section 40-18-132, during the 2017 tax year who
10 is also entitled to the tax credit under this section, shall
11 be entitled to a tax credit of five thousand dollars (\$5,000)
12 per tax year for a period of ten years, less the number of
13 years prior to tax year 2018 that the tax credit under Section
14 40-18-132 has been received.

15 Section 5. Prior to claiming a credit under this
16 act, the Department of Revenue may require pre-certification
17 information adequate to prove that the taxpayer is entitled to
18 claim such credit. If a precertification process is
19 implemented by the Department, following any necessary
20 examination, the Department of Revenue shall issue a
21 certification to taxpayers qualifying for the credit.

22 Section 6. The Department of Revenue shall
23 promulgate any rules and regulations necessary to implement
24 and administer the provisions of this article.

25 Section 7. Effective for tax years beginning after
26 December 31, 2017, the Alabama Board of Medical Scholarship
27 Awards shall file an annual informational report in accordance

1 with Section 40-1-50 and rules adopted thereunder, for the
2 physicians receiving the credit under this article. The
3 Alabama Board of Dental Scholarship Awards shall file an
4 annual informational report in accordance with Section 40-1-50
5 and rules adopted thereunder, for the dentists receiving a
6 credit under this article.

7 Section 8. This act shall become effective for tax
8 years beginning after December 31, 2017, following its passage
9 and approval by the Governor, or its otherwise becoming law.