

1 HB48
2 178185-1
3 By Representative Weaver
4 RFD: Ways and Means Education
5 First Read: 07-FEB-17
6 PFD: 01/25/2017

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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.