



FISCAL NOTE

House Bill 475

Committee: Ways and Means Education

Sponsor: Representative Terri Collins

Analyst: Tiffany Weaver

Date: 05/23/2023

House Bill 475 as introduced could decrease income tax receipts to the Education Trust Fund by a maximum of \$38 million for fiscal year 2024, \$60 million for fiscal year 2025, and \$80 million for fiscal year 2026 and each year thereafter by allowing taxpayers to claim a non-refundable, non-transferrable state income tax credit, beginning in tax year 2024, up to the annual amounts listed below, for donations to certain rural hospitals to be used for certain allowable expenditures. This bill would allow such credit to be carried forward up to 3-years and limit the amount of credit contributed to a single hospital to \$2 million annually.

Taxpayer	Maximum Annual Tax Credit Amount
Single, Head of Household, Married Filing Separately	\$15,000
Married Filing Jointly	\$30,000
Pass-Through Entity, Limited Liability Corporation, Professional Corporation	\$450,000
Subchapter C corporation	Lessor of \$500,000 or corporation’s tax liability

Further this bill would create the Rural Hospital Investment Program, administered by a seven-member board, to determine the eligibility of hospitals to qualify for donations under this bill and report on the donations and credits claimed under the program. This bill would provide for an estimated \$1,200 in annual obligations of the board for per diem and travel expenses.

In addition, this bill would increase the administrative obligations of the Department of Revenue to: (1) annually publish a list of rural hospitals eligible for the program; (2) pre-approve donations pursuant to this program; and (3) to enact rules to implement and administer the provisions of this bill.



Pursuant to the provisions of the ETF Rolling Reserve Act contained in Section 29-9-3(b)(3), Code of Alabama 1975, the provisions of this act will reduce the ETF fiscal year appropriation cap for fiscal year 2024 by a maximum of \$38 million.