

HB245 ENROLLED



1 HB245
2 I3JHTW6-3
3 By Representative Collins
4 RFD: Ways and Means Education
5 First Read: 14-Jan-26



1 Enrolled, An Act,

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3 Relating to rural health care; to amend Sections
4 40-18-551, 40-18-552, 40-18-557, and 40-18-559, Code of
5 Alabama 1975, as created by Act 2025-404 of the 2025 Regular
6 Session, to further provide for the oversight of the Rural
7 Hospital Investment Program Board, to expand the definition of
8 utility tax, and to repeal Section 40-18-560, Code of Alabama
9 1975, relating to rulemaking authority of the State Treasurer
10 and the Rural Hospital Investment Program Board.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. Sections 40-18-551, 40-18-552, 40-18-557 and
13 40-18-559, Code of Alabama 1975, are amended to read as
14 follows:

15 "§40-18-551

16 For the purposes of this article, the following terms
17 have the following meanings:

18 (1) BOARD. The Rural Hospital Investment Program Board.

19 (2) DEPARTMENT. The Alabama Department of Revenue.

20 (3) ELIGIBLE RURAL HOSPITAL. A hospital that meets the
21 requirements set out in Section 40-18-553.

22 (4) ELIGIBLE TAXES. Financial institution excise tax,
23 income tax, insurance premium tax, and utility tax.

24 (5) FINANCIAL INSTITUTION EXCISE TAX. The taxes levied
25 and collected pursuant to Chapter 16.

26 (6) INCOME TAX. The taxes levied and collected pursuant
27 to Chapter 18.

28 (7) INSURANCE PREMIUM TAX. The taxes levied and



29 collected pursuant to Chapter 4A of Title 27.

30 (8) PROGRAM. The Rural Hospital Investment Program.

31 (9) QUALIFIED DONATION. An unrestricted transfer of
32 funds for eligible rural hospitals.

33 (10) QUALIFIED DONOR. Any person, third party, or
34 organization that makes a qualified donation to an eligible
35 rural hospital.

36 (11) RURAL HOSPITAL. A rural general acute care, rural
37 emergency, or critical access hospital determined to be
38 located in a rural area as set out in Section 40-18-553(a)(2).

39 (12) TAX YEAR. The calendar year for which annual
40 income is reported to the State of Alabama by a person that
41 makes a qualified donation.

42 (13) THIRD PARTY. An entity classified as a tax-exempt
43 nonprofit organization by the Internal Revenue Service which
44 participates in soliciting, administering, or managing
45 qualified donations for eligible rural hospitals.

46 (14) UTILITY TAX. The taxes levied and collected
47 pursuant to Articles 3 and 4 of Chapter 21 of this title and
48 the tax levied in Sections 40-21-50, 40-21-51, and 40-21-53."

49 "§40-18-552

50 (a) The Rural Hospital Investment Program Board is
51 established within the ~~Office of the State Treasurer~~department
52 –to oversee the development and operation of the Rural
53 Hospital Investment Program. The board shall consist of the
54 following members:

55 (1) The Governor, or his or her designee.

56 (2) The State Treasurer, or his or her designee.



57 (3) The Commissioner of Revenue, or his or her
58 designee.

59 (4) The President Pro Tempore of the Senate, or his or
60 her designee.

(b) Members shall be appointed by June 13, 2025.

68 (e)(b)(1) The appointing authorities for the members
69 appointed pursuant to subdivisions (a)(6) and (a)(7) shall
70 each appoint one initial member to the board for a term of two
71 years and one initial member to the board for a term of four
72 years.

76 (3) A vacancy on the board of a representative
77 appointed pursuant to subdivisions (a)(6) and (a)(7) shall be
78 filled by the respective appointing authority before the next
79 scheduled meeting of the board, and the appointee shall serve
80 for the remainder of the unexpired term.

81 (d)(c) Designees or appointees to the board shall be
82 inclusive and reflect the racial, gender, geographic, urban,
83 rural, and economic diversity of the state.

84 (e) (d) (1) No later than July 14, 2025, the Governor, or



85 his or her designee, shall call the first meeting of the
86 board, at which meeting the members shall elect a chair.

87 ~~(2)~~(1) The board shall meet at least once a year in
88 Montgomery, Alabama, but thereafter shall meet as necessary to
89 conduct its business.

90 ~~(3)~~(2) A quorum for a meeting of the board shall be
91 five members.

92 ~~(4)~~(3) The board may meet by electronic means, so long
93 as there is a quorum of participating members.

94 ~~(5)~~(4) The legislative members of the board shall be
95 entitled to their legislative compensation, per diem, and
96 travel expenses for each day they attend a meeting of the
97 board pursuant to Section 49 of the Constitution of Alabama of
98 2022.

99 ~~(6)~~(5) The nonlegislative members of the board shall
100 serve without compensation but may be reimbursed for necessary
101 expenses in attending meetings of the board pursuant to the
102 policies of his or her respective appointing authority.

103 "§40-18-557

104 (a) A taxpayer may claim a tax credit to offset
105 eligible taxes for each qualified donation as provided in this
106 section.

107 (1) For a donor who is a single individual, a head of
108 household, or married, filing a separate return: an amount
109 equal to 100 percent of the qualified donations the taxpayer
110 made during the tax year for which the credit is claimed, not
111 to exceed fifteen thousand dollars (\$15,000).

112 (2) For a donor who is married, filing a joint return:



113 100 percent of the qualified donations the taxpayer made
114 during the tax year for which the credit is claimed, not to
115 exceed thirty thousand dollars (\$30,000).

116 (3)a. For a qualified donor that is taxed as an
117 electing pass-through entity under Section 40-18-24.4: 100
118 percent of the qualified donations the taxpayer made during
119 the tax year for which the credit is claimed, not to exceed
120 four hundred fifty thousand dollars (\$450,000).

121 b. The tax credit shall be taken by the taxpayer on a
122 pro rata basis according to the percentage of ownership in the
123 entity or the limitations set forth in this section, whichever
124 is less. In the case of a donor that is taxed as a corporation
125 under the Internal Revenue Code: an amount equal to 100
126 percent of the qualified donations the taxpayer made during
127 the tax year for which the credit is claimed, or 75 percent of
128 the corporation's income, excise, or insurance premium tax,
129 not to exceed the amount of the corporation's income, excise,
130 or insurance premium tax liability, whichever is less, with a
131 contribution limit each tax year of five hundred thousand
132 dollars (\$500,000).

133 (4)a. A credit for utility taxes may be claimed in an
134 amount equal to 100 percent of total qualified donations
135 during the taxable year for which the credit is claimed. In
136 order to claim a credit against utility tax payments levied in
137 Articles 3 and 4 of Chapter 21 of this title under this
138 subdivision, a taxpayer must have a utility tax direct pay
139 permit from the department pursuant to its requirements. A
140 taxpayer shall provide a copy of the utility tax direct pay



141 permit to each utility provider from whom the taxpayer
142 receives services. A taxpayer holding a direct pay permit
143 shall notify the department of each qualified donation
144 pursuant to the department's procedures. To the extent credits
145 are available, the department shall reserve credits for a
146 taxpayer and provide written confirmation thereof.

147 b. Upon receipt of a qualified donation, the recipient
148 shall submit to the department certification of the donation
149 received from a taxpayer under this subdivision pursuant to
150 procedures established by the department within 30 business
151 days after receipt of each donation. Upon receipt of the
152 certification from the recipient, the department shall provide
153 written confirmation to the taxpayer within 30 business days
154 that the reserved credits of the taxpayer in the amounts of
155 qualified donations actually made and not yet claimed are
156 eligible to be used on its monthly utility tax direct pay
157 return. A taxpayer may not use a credit against the utility
158 tax until such time as the department provides the
159 notification described in the previous sentence.

160 (b) (1) The total amount of the tax credit for a tax
161 year may not exceed the taxpayer's tax liability or, for
162 financial institutions, the state portion of the taxpayer's
163 financial institution excise tax liability.

164 (2) Any unused tax credit may be carried forward for up
165 to three years following the qualified donation but shall not
166 be transferable.

167 (c) (1) The tax credits may be claimed beginning January
168 1, 2026, for the 2026 tax year.



169 (2) Any unused tax credit may be carried forward for up
170 to three years following the qualified donations but shall not
171 be transferable.

172 "§40-18-559

173 (a) The department shall adopt rules pursuant to the
174 Alabama Administrative Procedure Act ~~on or before January 1,~~
175 ~~2026, as necessary~~ to administer and implement this article,
176 inclusive of the responsibility of the board. The rules shall
177 provide for all of the following:

178 (1) That the tax credits will not reduce the
179 distribution for the Alabama Special Mental Health Fund.

180 (2) That the tax credits shall be awarded based on the
181 order in which the credits are requested.

182 (b) The department shall prescribe the method by which
183 the tax credits are to be issued to eligible taxpayers."

184 Section 2. Section 40-18-560, Code of Alabama 1975.

185 relating to the rulemaking authority of the State Treasurer
186 and the Rural Hospital Investment Program Board, is repealed.

187 Section 3. This act shall become effective immediately.

HB245 Enrolled



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197 Speaker of the House of Representatives

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202 President and Presiding Officer of the Senate

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205 House of Representatives

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207 I hereby certify that the within Act originated in and
208 was passed by the House 22-Jan-26.

209

210 John Treadwell
211 Clerk

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217 Senate

03-Feb-26

Passed

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