

HB245 ENROLLED



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



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Enrolled, An Act,

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§40-18-551

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

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

(2) DEPARTMENT. The Alabama Department of Revenue.

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

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

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

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

(7) INSURANCE PREMIUM TAX. The taxes levied and



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collected pursuant to Chapter 4A of Title 27.

(8) PROGRAM. The Rural Hospital Investment Program.

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

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

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

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

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

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

"§40-18-552

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

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

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



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

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

(5) The Speaker of the House of Representatives, or his or her designee.

(6) Two representatives of the Alabama Hospital Association, appointed by the association.

(7) Two representatives of business, appointed by the Business Council of Alabama.

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

~~(c)~~ (b) (1) The appointing authorities for the members appointed pursuant to subdivisions (a) (6) and (a) (7) shall each appoint one initial member to the board for a term of two years and one initial member to the board for a term of four years.

(2) Members subsequently appointed to the board pursuant to subdivisions (a) (6) and (a) (7) shall each serve for a term of four years.

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

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

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



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

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

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

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

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

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

"§40-18-557

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

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

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



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

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

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

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



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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.



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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.



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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

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

John Treadwell
Clerk

Senate

03-Feb-26

Passed