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3 SENATE FINANCE AND TAXATION EDUCATION COMMITTEE SUBSTITUTE FOR
4 SB78

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9 SYNOPSIS: Under existing law, a state income tax
10 credit of \$5,000 is given to rural physicians who
11 practice and reside in rural communities.

12 This bill would increase from five to 10 the
13 number of years a state income tax credit is given
14 to physicians who reside and practice in small
15 rural communities.

16 This bill would also extend the state income
17 tax credit to dentists who reside and practice in
18 small rural communities.

19
20 A BILL
21 TO BE ENTITLED
22 AN ACT

23
24 Relating to state income tax credits for rural
25 physicians; to amend Sections 40-18-130 to 40-18-132,
26 inclusive, Code of Alabama 1975, to increase the number of
27 years a state income tax credit is given to physicians who

1 reside and practice in small rural communities; and to extend
2 the state income tax credit to dentists who reside and
3 practice in small rural communities.

4 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

5 Section 1. Sections 40-18-130 to 40-18-132,
6 inclusive, Code of Alabama 1975, are amended to read as
7 follows:

8 "§40-18-130.

9 It is the intent of the Legislature to institute
10 programs that will make rural Alabama communities more
11 competitive ~~with other states~~ in the recruitment and retention
12 of physicians and dentists and reduce inequities that a ~~small~~
13 ~~or~~ rural hospital and small ~~or~~ rural communities have in the
14 funding and recruitment of ~~physician services~~ physicians and
15 dentists.

16 "§40-18-131.

17 "For the purposes of this article, the following
18 words have the following meanings, respectively, unless the
19 context clearly indicates otherwise:

20 "(1) RURAL DENTIST. A dentist licensed to practice
21 dentistry in Alabama who practices and resides in a small
22 rural community and practices an annual average of at least 20
23 hours per week.

24 "(2) RURAL PHYSICIAN. A physician licensed to
25 practice medicine in Alabama who practices and resides in a
26 small ~~or~~ rural community and ~~has admission privileges to a~~

1 ~~small or rural hospital~~ practices medicine an annual average
2 of at least 20 hours per week.

3 ~~"(2)~~ (3) SMALL OR RURAL COMMUNITY. A ~~community city,~~
4 town, or unincorporated area recognized by the U.S. Census
5 Bureau in Alabama ~~not located in an urbanized area as defined~~
6 by the Census Bureau that has ~~less~~ fewer than 25,000 residents
7 according to the latest decennial census ~~and has a hospital~~
8 with an emergency room.

9 ~~"(3) SMALL OR RURAL HOSPITAL. An acute care hospital~~
10 ~~that meets one of the following requirements:~~

11 ~~"a. Contains less than 105 beds and is located more~~
12 ~~than 20 miles, under normal travel conditions, from another~~
13 ~~acute care hospital located in Alabama.~~

14 ~~"b. Receives Medicare rural reimbursement from the~~
15 ~~federal government.~~

16 ~~"§40-18-132.~~

17 ~~"(a)~~ Beginning with the 1994 tax year ~~and~~
18 terminating with the 2015 tax year, a person qualifying as a
19 rural physician shall be allowed a credit against the tax
20 imposed by Section 40-18-2, in the sum of \$5,000. No credit
21 shall be allowed to a rural physician who is, on May 4, 1993,
22 practicing in a small or rural community. No credit shall be
23 allowed to a physician who has previously practiced in a small
24 or rural community unless, after May 4, 1993, that physician
25 returns to practice in a small or rural community after having
26 practiced in a large or urban community for at least three

1 years. The tax credit may be claimed for not more than five
2 consecutive tax years.

3 "(b) Beginning with the 2016 tax year, a person
4 qualifying as a rural dentist or a rural physician shall be
5 allowed a credit against the tax imposed by Section 40-18-2,
6 in the sum of five thousand dollars (\$5,000). The tax credit
7 may be claimed for not more than 10 consecutive tax years. A
8 physician receiving the tax credit in subsection (a) during
9 the 2015 tax year who is also entitled to the tax credit under
10 this subsection shall be entitled to a tax credit of five
11 thousand dollars (\$5,000) per tax year for a period of 10
12 years less the number of years prior to tax year 2016 for
13 which the tax credit under subsection (a) has been received.

14 "(c) The Department of Revenue shall promulgate any
15 rules and regulations necessary to implement and administer
16 the provisions of this article."

17 Section 2. This act shall become effective
18 immediately following its passage and approval by the
19 Governor, or its otherwise becoming law.