

1 SB374
2 199284-2
3 By Senators Livingston, Scofield, Gudger, Jones, Beasley,
4 Chesteen, Williams, Melson, Price and Stutts
5 RFD: Finance and Taxation Education
6 First Read: 02-MAY-19

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8 SYNOPSIS: Under existing law, a physician who
9 qualifies as a rural physician in a small or rural
10 community is entitled to a tax credit of \$5,000
11 each year for five years.

12 This bill would terminate the existing rural
13 physician income tax credit effective for any tax
14 year ending on or before December 31, 2019, and
15 would grandfather in physicians claiming the credit
16 prior to that date.

17 This bill would further provide a new rural
18 physicians income tax credit effective for tax year
19 beginning after January 1, 2020. The bill would
20 define practices, rural physician, and rural
21 community. A rural community would be defined as a
22 community that is not located in an urbanized area.
23 The bill would require a rural physician to
24 practice at least 30 hours per week in a rural
25 community.

26 The bill would also extend the tax credit to
27 six years and would require the Department of

1 Public Health to issue certificates to physicians
2 who qualify for the tax credit.

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4 A BILL
5 TO BE ENTITLED
6 AN ACT

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8 Relating to state income tax credits for rural
9 physicians; to terminate the income tax credit authorized for
10 a rural physician under Article 4A of Chapter 18, Title 40,
11 Code of Alabama 1975, composed of Sections 40-18-130,
12 40-18-131, and 40-18-132, Code of Alabama 1975, and to provide
13 that any physician who claimed the exemption or claims the
14 exemption under Article 4A for any tax year prior to December
15 31, 2019, may continue to claim the exemption under Article 4A
16 until the credit authorized for that physician expires; to add
17 Article 4A.1 to Chapter 18, Title 40, commencing with Section
18 40-18-130.1, Code of Alabama 1975, to further provide for a
19 rural physician income tax credit; to provide definitions; to
20 modify the requirement for residence and practice in a rural
21 community; to remove the requirement for hospital privileges
22 in a rural hospital; to increase the number of years the
23 income tax credit is granted; and to require the Department of
24 Public Health to certify physicians who qualify for the income
25 tax credit.

26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. (a) Any income tax credit authorized
2 pursuant to Article 4A of Chapter 18, Title 40, Code of
3 Alabama 1975, composed of Sections 40-18-130, 40-18-131, and
4 40-18-132, Code of Alabama 1975, is terminated effective for
5 tax years ending after December 31, 2019.

6 (b) Notwithstanding subsection (a), any physician
7 who claimed the exemption under Article 4A for any tax year
8 prior to December 31, 2019, may continue to claim the
9 exemption under Article 4A, as it exists on the effective date
10 of this act, until his or her period of exemption expires.

11 Section 2. Article 4A.1 is added to Chapter 18 of
12 Title 40, Code of Alabama 1975, commencing with Section
13 40-18-130.1, to read as follows:

14 §40-18-130.1

15 It is the intent of the Legislature to institute
16 programs that will make rural Alabama communities more
17 competitive in the recruitment and retention of physicians and
18 reduce inequities rural communities have in the funding and
19 recruitment of physicians

20 §40-18-131.1

21 For the purposes of this article, the following
22 words have the following meanings:

23 (1) PRACTICES. A physician who assesses, diagnoses,
24 performs surgical procedures, treats, reports, or gives advice
25 in a medical capacity in a medical facility, not including a
26 personal residence, located in a rural community. Practicing
27 includes prescribing medicines and signing any medical

1 certificate required for statutory purposes, such as death and
2 cremation certificates.

3 (2) RURAL COMMUNITY. A community in Alabama that is
4 not located in an urbanized area.

5 (3) RURAL PHYSICIAN. A physician licensed to
6 practice medicine in Alabama who practices and resides in a
7 rural community and practices medicine an annual average of at
8 least 30 hours per week in the rural community.

9 §40-18-132.1

10 (a) (1) Beginning with the tax year beginning January
11 1, 2020, and thereafter, a person qualifying as a rural
12 physician who practices in a rural community may claim a
13 credit against the tax imposed by Section 40-18-2, in the sum
14 of \$5,000 each year. No credit shall be allowed to a rural
15 physician who, on the effective date of the act adding this
16 section, is practicing in a rural community. No credit shall
17 be allowed to a physician who previously practiced in a rural
18 community unless, after the effective date of the act adding
19 this section, that physician returns to practice in a rural
20 community after having practiced in a urban community or
21 outside of Alabama for at least three years. The tax credit
22 may be claimed for not more than six consecutive tax years.

23 (2) No credit may be claimed under this article by
24 any physician who has previously claimed a rural physician tax
25 credit under Article 4A prior to its termination, or
26 otherwise.

1 (b) Prior to claiming a credit under this article, a
2 rural physician who desires to be certified by the Department
3 of Public Health shall submit to the Department of Public
4 Health, or its designee, adequate information to substantiate
5 that he or she qualifies for the income tax credit. The
6 Department of Public Health, or its designee, upon review of
7 the documentation from the rural physician, shall make the
8 determination if the physician qualifies for the credit, and
9 shall issue a certificate to the qualifying physician. No
10 income tax credit shall be granted to a rural physician who
11 does not obtain a certificate from the Department of Public
12 Health, or its designee, prior to claiming the credit on his
13 or her income tax return, and who does not attach the
14 certificate to his or her income tax return at the time the
15 credit is being claimed.

16 (c) Effective for tax years beginning after January
17 1, 2020, the Department of Public Health, or its designee,
18 shall file an annual informational report in accordance with
19 Section 40-1-50 and rules adopted thereunder, for physicians
20 receiving the credit under this article.

21 (d) The Department of Revenue shall promulgate any
22 rules necessary to implement and administer this article."

23 Section 3. This act shall become effective
24 immediately following its passage and approval by the
25 Governor, or its otherwise becoming law.