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3 SENATE FR&ED COMMITTEE SUBSTITUTE FOR SB195  
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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 with a small or rural hospital is  
11 entitled to a tax credit of \$5,000 each year for  
12 five years.

13 This bill would terminate the existing rural  
14 physician income tax credit effective December 31,  
15 2020, and would authorize a physician claiming the  
16 credit for the tax year ending on December 31,  
17 2020, to claim the credit under the revised act for  
18 the remainder of the five year credit period  
19 available under the prior law.

20 This bill would further provide a new rural  
21 dentist, rural physician, and rural certified  
22 registered nurse anesthetist income tax credit  
23 effective for tax year beginning after January 1,  
24 2021. The bill would define practices, rural  
25 dentist, rural physician, and rural certified  
26 registered nurse anesthetist and rural community. A  
27 rural community would be defined as a rural area

1 under federal law. The requirements that a rural  
2 community have a rural hospital would be deleted.  
3 The bill would require a rural dentist, rural  
4 physician, or rural certified registered nurse  
5 anesthetist to practice at least 20 hours per week  
6 in a rural community.

7 The bill would require the State Board of  
8 Medical Examiners, the State Board of Dental  
9 Examiners, and the Board of Nursing to issue  
10 certificates to physicians dentists, and certified  
11 registered nurse anesthetists respectively, who  
12 qualify for the tax credit.

13  
14 A BILL  
15 TO BE ENTITLED  
16 AN ACT

17  
18 Relating to state income tax credits for rural  
19 physicians; to designate Sections 40-18-130, 40-18-131, and  
20 40-18-132, Code of Alabama 1975, as Division 1 of Article 4A  
21 of Chapter 18 of Title 40, Code of Alabama 1975; to terminate  
22 the income tax credit authorized for a rural physician under  
23 the existing Article 4A of Chapter 18, Title 40, Code of  
24 Alabama 1975, as it existed prior to January 1, 2021, and to  
25 provide that any physician who claimed the credit or claims  
26 the exemption under the existing Article 4A for the tax year  
27 ending on December 31, 2020, would be authorized to continue

1 to claim the exemption under this act until the credit period  
2 authorized under the prior law for that physician expires; to  
3 add Division 2 to Article 4A of Chapter 18, Title 40, Code of  
4 Alabama 1975, to further provide for a rural dentist, rural  
5 physician, and rural certified registered nurse anesthetist  
6 income tax credit; to provide definitions; to modify the  
7 requirement for residence and practice in a rural community;  
8 to remove the requirement for hospital privileges in a rural  
9 hospital; and to require the State Board of Medical Examiners,  
10 State Board of Dental Examiners, and the State Board of  
11 Nursing to certify physicians, dentists, and certified  
12 registered nurse anesthetist respectively, who qualify for the  
13 income tax credit.

14 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

15 Section 1. Sections 40-18-130, 40-18-131, and  
16 40-18-132, Code of Alabama 1975, shall be designated as  
17 Division 1 of Article 4A of Chapter 18 of Title 40, Code of  
18 Alabama 1975.

19 Section 2. (a) Any income tax credit authorized  
20 pursuant to Division 1 of Article 4A of Chapter 18, Title 40,  
21 Code of Alabama 1975, composed of Sections 40-18-130,  
22 40-18-131, and 40-18-132, Code of Alabama 1975, is terminated  
23 effective for tax years ending after December 31, 2020.

24 (b) Notwithstanding subsection (a), any physician  
25 who claimed the exemption under Article 4A for any tax year  
26 prior to December 31, 2020, may claim the exemption under  
27 Division 1 of Article 4A for tax year 2020.

1           Section 3. Division 2 of Article 4A is added to  
2 Chapter 18 of Title 40, Code of Alabama 1975, commencing with  
3 Section 40-18-133, to read as follows:

4           Division 2.

5           §40-18-133.

6           It is the intent of the Legislature to institute  
7 programs that will make rural Alabama communities more  
8 competitive in the recruitment and retention of physicians,  
9 dentists, and rural certified registered nurse anesthetists  
10 and reduce inequities that rural communities have in the  
11 funding and recruitment of physicians, dentists, and rural  
12 certified registered nurse anesthetists.

13          §40-18-133.1.

14          For the purposes of this division, the following  
15 words have the following meanings, respectively, unless the  
16 context clearly indicates otherwise:

17           (1) PRACTICING. Assessing, diagnosing, performing  
18 surgical procedures, treating, reporting, or giving advice in  
19 a medical capacity in a medical facility, not including a  
20 personal residence, located in a rural community. Practicing  
21 includes prescribing medicines and signing any medical  
22 certificate required for statutory purposes, such as death and  
23 cremation certificates.

24           (2) RURAL CERTIFIED REGISTERED NURSE ANESTHETIST. A  
25 certified registered nurse anesthetist licensed to practice in  
26 Alabama who practices as a certified registered nurse

1       anesthetist and resides in a rural community and practices an  
2       annual average of at least 20 hours per week.

3               (3) RURAL COMMUNITY. A rural area in this state that  
4       meets the criteria for designation as a rural area pursuant to  
5       42 C.F.R. 491.5(c).

6               (4) RURAL DENTIST. A dentist licensed to practice  
7       dentistry in Alabama who practices and resides in a rural  
8       community and practices an annual average of at least 20 hours  
9       per week.

10              (5) RURAL PHYSICIAN. A physician licensed to  
11       practice medicine in Alabama who practices and resides in a  
12       rural community and practices medicine an annual average of at  
13       least 20 hours per week.

14                       §40-18-133.2.

15              (a) (1) Beginning with the 2021 tax year, a person  
16       newly qualifying as a rural dentist, a rural physician, or a  
17       rural certified registered nurse anesthetist shall be allowed  
18       a credit against the tax imposed by Section 40-18-2, in the  
19       sum of five thousand dollars (\$5,000). The tax credit may be  
20       claimed for not more than five consecutive tax years if the  
21       person continues to qualify as a rural physician, a rural  
22       dentist, or a rural certified registered nurse anesthetist.

23              (2) Notwithstanding subdivision (1), a physician who  
24       claimed a tax credit under Division 1 of Article 4A of Chapter  
25       18 of this title, prior to its termination by this act for the  
26       2020 tax year who qualifies as a rural physician under this  
27       subsection shall be entitled to a tax credit of five thousand

1 dollars (\$5,000) per tax year for the period of five  
2 consecutive years less the number of years a tax credit under  
3 Division 1 of Article 4A of Chapter 18 of this title was  
4 received. Except as provided in this subdivision, no credit  
5 may be claimed under this division by a physician who  
6 previously claimed a rural physician tax credit under Division  
7 1 of Article 4A prior to its termination, or otherwise.

8 (3) Except as provided in subdivision (2), no tax  
9 credit shall be allowed under this subsection to a physician,  
10 dentist, or certified registered nurse anesthetist who has  
11 practiced in a rural community prior to January 1, 2021,  
12 unless, after January 1, 2021, the physician, dentist, or  
13 certified registered nurse anesthetist returns to practice in  
14 a rural community after having practiced in a large or urban  
15 community or outside of Alabama for at least three years.

16 (4) Any person who claims a tax credit as a rural  
17 dentist, rural physician, or rural certified registered nurse  
18 anesthetist pursuant to subdivision (1) for five consecutive  
19 tax years as provided in subdivision (2), shall not thereafter  
20 be eligible to claim any additional tax credit under this act.  
21 In addition, if a rural dentist, a rural physician, or a rural  
22 certified registered nurse anesthetist claims a tax credit  
23 under this act for any tax year and for any reason does not  
24 claim a tax credit for the next consecutive tax year, the  
25 person shall not be eligible to claim any additional tax  
26 credit under this act thereafter.

1 (b) Prior to claiming a credit under this act, a  
2 rural physician shall submit to the State Board of Medical  
3 Examiners, or its designee; a rural dentist shall submit to  
4 the State Board of Dental Examiners, or its designee; and a  
5 rural certified registered nurse anesthetist shall submit to  
6 the State Board of Nursing, or its designee, adequate  
7 information to substantiate that he or she qualifies for the  
8 income tax credit. The appropriate board or its designee, upon  
9 review of the foregoing documentation from the rural  
10 physician, dentist, or certified registered nurse anesthetist,  
11 shall make the determination on whether he or she qualifies  
12 for the credit and shall issue a certificate to the qualifying  
13 physician, dentist, or certified registered nurse anesthetist.  
14 No credit shall be granted to a rural physician, rural  
15 dentist, or rural certified registered nurse anesthetist who  
16 does not obtain a certificate required by this subsection  
17 prior to claiming the credit on his or her income tax return,  
18 and fails to attach the certification to his or her income tax  
19 return at the time the credit is being claimed.

20 (c) Effective for tax years beginning after December  
21 31, 2020, the State Board of Medical Examiners, or its  
22 designee, for physicians; the State Board of Dental Examiners,  
23 or its designee, for dentists; and the State Board of Nursing,  
24 or its designee, for certified registered nurse anesthetists  
25 shall file an annual informational report in accordance with  
26 Section 40-1-50 and rules adopted under that section, for  
27 physicians, dentists, and certified registered nurse

1       anesthetists, respectively, who receive the credit under this  
2       division.

3                   (d) The Department of Revenue shall adopt any rules  
4       necessary to implement and administer this division.

5                   Section 4. This act shall become effective  
6       immediately following its passage and approval by the  
7       Governor, or its otherwise becoming law.