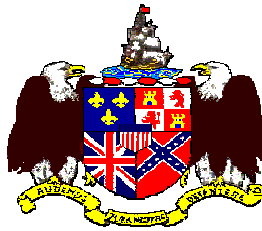


OFFICE OF THE GOVERNOR

**BOB RILEY**  
GOVERNOR



STATE OF ALABAMA

**RURAL ACTION COMMISSION**

GERALD DIAL – EXECUTIVE DIRECTOR  
JOHN HARRISON – STATE CO-CHAIR  
MARGARET BENTLEY – STATE CO-CHAIR

**For Immediate Release**  
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## **ARAC Led Legislative Bill would Expand Rural Physician Tax Credit**

MONTGOMERY – Legislation supported by Governor Bob Riley’s Alabama Rural Action Commission (ARAC) would expand current incentives for physicians to begin practicing in rural Alabama. SB 476 is being sponsored by Senator Jimmy Holley and HB 618 has been introduced by Representative Richard Laird. Since this is a revenue bill, the House must take action on it before it can move in the Senate.

The legislation phases in an increase in the rural physician income tax credit from a maximum of \$5,000 annually to a maximum of \$8,000 annually by 2012. The bill also phases in an increase in the number of years that a physician can claim the tax credit from 5 years to 8 years over the same three year period.

Gerald Dial, Executive Director of ARAC, said “We all understand that our citizens need to be healthy in order to be able to reach their full potential. Physicians are a vital part of any rural community and this bill is a much needed, common sense step to improving the health and quality of life in rural Alabama.

Many of Alabama’s most rural areas have a shortage of physicians that can lead to difficulty for rural citizens in accessing important health care services. Physicians also serve as an economic engine for rural Alabama and studies show that each rural doctor can generate over one million dollars annually in economic impact in a rural town.

An ARAC led health committee recommended this legislation to increase the rural physician tax credit to help Alabama be more competitive with other states in the recruitment and retention of physicians and to reduce the challenges that rural communities face with physician recruitment.

Under the current law that took effect in 1994, a physician who begins practicing in a small or rural community of less than 25,000 in Alabama may be eligible for a rural physician income tax credit if they meet the qualifications of the law. The physician must also have admission privileges to a small or rural hospital and receive Medicare reimbursement from the federal government. 186 physicians in Alabama claimed the existing tax credit in 2007.

Governor Riley established ARAC in 2007 to improve the quality of life in rural Alabama. ARAC primarily focuses on Health, Education, and Economic Development and is comprised of eight regions encompassing all 67 Alabama counties.

For more information on the rural physician tax credit legislation, please contact Chad Nichols, Assistant Director of ARAC, by emailing [chad.nichols@adeca.alabama.gov](mailto:chad.nichols@adeca.alabama.gov).

Please visit [www.alabamaruralaction.com](http://www.alabamaruralaction.com) or dial 334-353-8286 for more information on ARAC.