

**ALABAMA TAX TRIBUNAL**

JAMIE BISHOP, §  
Taxpayer, § DOCKET NO. INC. 24-0025-JP  
v. §  
STATE OF ALABAMA §  
DEPARTMENT OF REVENUE.

**FINAL ORDER**

This appeal involves the entry of a final assessment of income tax for 2021. A trial was held on August 28, 2024. The Taxpayer appeared and testified. Ralph Clements represented the Revenue Department, and Jennifer Williams, the Revenue Department’s examiner, appeared for trial.

The Taxpayer’s sole challenge is the Revenue Department’s denial of her claim to the Rural Physician Tax Credit (sometimes referred to as “the Credit”). *See* Ala. Code §§ 40-18-130—133. The Taxpayer testified that she works as a physician at Bibb Medical Center in Centreville and resides in unincorporated Bibb County. The Taxpayer also testified that she successfully received the Credit in 2015 when she both lived and worked in Centreville. She argues that, for the purpose of the Rural Physician Tax Credit, she should still qualify to claim the Credit on her 2021 tax return because the community she lives in, unincorporated Bibb County, and the community she works in, Centreville, are one and the same.

In its Answer and at trial, the Revenue Department argued in response that the Taxpayer did not qualify for the Rural Physician Tax Credit in 2021 for two reasons. First,

the Revenue Department argues that the language of the statute establishing the Credit requires the physician claiming the Credit to claim it for five consecutive years. Second, the Revenue Department argues that the Taxpayer lives and works in separate communities.

The Revenue Department is correct as to both arguments. First, the statute establishing the Rural Physician Tax Credit explicitly states that “[t]he tax credit may be claimed for not more than five *consecutive* years.” Ala. Code § 40-18-132 (emphasis added). On its face, the statute specifies that the Credit is available only for five consecutive years. Here, the Taxpayer first claimed the Credit in 2015, before claiming the Credit again in 2019. Under the language of the statute, the Taxpayer is not eligible to claim the Credit again in 2021, because she did not claim the Credit in the consecutive years sequentially following 2015.

Second, the Alabama Tax Tribunal has consistently held that Alabama does not allow for the aggregation of populations when determining whether to allow the Rural Physician Tax Credit. *See, e.g., Dean v. Ala. Dep’t of Revenue, INC.* 18-569-JP (Ala. Tax Trib. Jan. 29, 2020); *Woods v. Ala. Dep’t of Revenue, INC.* 16-1079 (Ala. Tax Trib. Apr. 18, 2017). Further, the Tax Tribunal has recognized that unincorporated areas are distinct from incorporated areas even if they are close in proximity. *See Dean, supra; see also, Henderson v. Ala. Dep’t of Revenue, INC.* 18-985-JP (Ala. Tax Trib. Aug. 9, 2021). Here, the Taxpayer lives in one community, that of unincorporated Bibb County, and works in another, the incorporated municipality of Centreville. Unfortunately, to qualify for the Rural Physician Tax Credit, the physician must both “practice[] and reside[] in a small or rural community[,]” and a qualifying small or rural community must have “a hospital with an emergency room.” Ala.

Code § 40-18-131. While the Taxpayer practices in Centreville which does have a hospital with an emergency room, she resides in the community of unincorporated Bibb County that does not have a hospital. Therefore, the community in which she resides does not qualify as a “small or rural community” under the Rural Physician Tax Credit law as written by the legislature.

Therefore, the Department’s 2021 final assessment must be affirmed, but the penalty assessed against the Taxpayer is waived for reasonable cause. Judgment is entered against the Taxpayer and in favor of the Alabama Department of Revenue for tax and interest in the amount of \$3,483.22, plus additional interest that continues to accrue from the date of the final assessment until the liability is paid in full.

This Final Order may be appealed to circuit court within 30 days, pursuant to Ala. Code § 40-2B-2(m).

Entered September 3, 2024.

/s/ Jeff Patterson  
JEFF PATTERSON  
Chief Judge  
Alabama Tax Tribunal

jp:thb

cc: Jamie Bishop  
Ralph M. Clements III, Esq.