

JOSEPH T. WOODS, JR., &
AMY R. WOODS
6659 E QUARRY DRIVE
ELBERTA, AL 36530-5709,

Taxpayers,

v.

STATE OF ALABAMA
DEPARTMENT OF REVENUE.

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STATE OF ALABAMA
ALABAMA TAX TRIBUNAL

DOCKET NO. INC. 16-1079

FINAL ORDER

The Revenue Department assessed Joseph T. and Amy R. Woods (together “Taxpayers”) for 2013 and 2014 Alabama income tax. The Taxpayers appealed to the Tax Tribunal pursuant to Code of Ala. 1975, §40-2A-7(b)(5)a. A hearing was conducted on April 13, 2017. Joseph T. Woods attended the hearing. Assistant Counsel Duncan Crow represented the Department.

The issue in this case is whether the Taxpayers qualified for the annual \$5,000 rural physician tax credit allowed at Code of Ala. 1975, §40-18-130 et al., during the years in issue.

The Taxpayers resided in Elberta in Baldwin County, Alabama, during the years in issue. Amy Woods (individually “Taxpayer”) is a physician that practiced at South Baldwin Hospital in Foley, Alabama, during those years.

The Taxpayers claimed the \$5,000 rural physician tax credit allowed at §40-18-132 on their Alabama returns for the subject years. The Department disallowed the credits because it determined that the Taxpayers resided in a metropolis, the Daphne-Fairhope-Foley Metropolitan Statistical Area, during those years. The Taxpayers appealed the resulting final assessments.

As indicated, the Department disallowed the credits because the Taxpayers lived in the Daphne-Fairhope-Foley Metropolitan Statistical Area in the subject years, and thus did not reside in “a small or rural community,” as required by §40-18-132. I disagree.

A metropolitan statistical area is a creation of the federal government, and is a specific geographical region with a relatively high population density at its core and close economic ties throughout the area. The designation is used by the U.S. Census Bureau and other federal agencies for statistical purposes. It is not, however, relevant for purposes of determining if an Alabama resident physician is entitled to the §40-18-132 tax credit. Rather, the specific language of the statute must control.

As indicated, the credit is allowed to a rural physician that resides in a rural or small community and that has admission privileges to a small or rural hospital. The Department concedes that Dr. Woods otherwise qualifies for the credit, but for the fact that she does not reside in a rural or small community.

A “small or rural community,” is defined at §40-18-131(2) as “[a] community in Alabama that has less than 25,000 residents according to the latest decennial census. . . .” The Taxpayers presented 2010 census information showing that Elberta, Alabama had a population of less than 1,500 in 2010. The Taxpayers consequently lived in a small or rural community in 2013 and 2014, and are thus entitled to the credit.

The final assessments in issue are voided.

This Final Order may be appealed to circuit court within 30 days pursuant to Code of Ala. 1975, §40-2B-2(m).

Entered April 18, 2017.

BILL THOMPSON
Chief Tax Tribunal Judge

bt:dr

cc: Duncan R. Crow, Esq.
Dr. Amy Woods