

PUBLICATION

Alabama Legislative Update - Week 6: Halfway Through the Session, Tax Bills Take Center Stage

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Last week marked the halfway point in this legislative session, with Tuesday being the 15th of 30 legislative days. Legislative leaders still expect the 2014 session to end on April 7.

In the Alabama Senate

HB 105, The Taxpayer Bill of Rights Act, by Representative Paul DeMarco (R – Homewood) was poised for final passage Tuesday but Senate President Pro Tempore, Del Marsh, moved to carry the bill over after four hours of debate on the floor. President Pro Tem Marsh told senators that he wanted to meet with those senators who were expressing concerns about the bill. The Business Council of Alabama has actively supported approval of this legislation for the last four years and considers it a high priority bill for the business community. When enacted, the legislation will abolish the Department of Revenue's Administrative Law Division and create an independent Alabama Tax Appeals Commission under the executive branch. It will allow local governments the option of using the new tax appeals commission for their existing appeals process to settle local tax disputes. The bill promotes tax fairness and compliance and conforms to federal law.

SB 122 by Senator Arthur Orr (R – Decatur) passed with a 32 – 0 vote and provides a limited tax credit and refundable tax credit, beginning in tax year 2015, against the state income tax for "qualified research expenses" incurred by businesses. The bill parallels the federal research and development tax credit. It has been assigned to the House Ways and Means Education Committee.

SB 79 by Senator Dick Brewbaker (R – Pike Road) passed on a 28 – 0 vote that would allow a five percent preference for resident vendors (in good standing with the State of Alabama) that submit bids totaling \$100,000 or less, for maintenance and repair contracts for state agencies. The bill has been assigned to the State Government Committee in the House.

On a 33 – 0 vote, senators gave final approval to **HB 155** by Representative Mike Hill (R - Columbiana), which takes the jurisdiction of complaints about telephone service from the Public Service Commission. The bill had previously passed the House on an 86 – 5 vote and it is expected to be signed into law by the governor.

SB 164 by Senator Bobby Singleton (D – Greensboro) passed the Senate on a 14 – 13 vote. Four republicans and one independent joined nine democrats to pass the bill. The bill would change the penalty for falsifying an application for a new state-issued photo voter ID from a felony to a misdemeanor. If given final approval, the law goes into effect with the June 3 primary elections.

Last Thursday, Senator Scott Beason (R – Gardendale), introduced a bill to repeal Alabama's College and Career Ready Standards (Common Core). **SB 380** would mandate the State Board of Education terminate the adoption and implementation of the standards it adopted in 2010, revert to previous standards and not update Alabama's course of study until January 1, 2017. There will be considerable debate on the bill. The State Superintendent of Education, Dr. Tommy Bice, says the legislation would be a step backward, forcing the state to revert to math standards adopted in 2003 and English standards adopted in 1999. The Business Council of Alabama and its CEO, William J. Canary, are strongly opposed to Senator Beason's bill, saying Common

Core's goal is to prepare students for the new global workforce and to keep them on an educational level with students in the other 49 states.

In the Alabama House

HB 195 by Representative Mack Butler (R – Rainbow City), The Fair and Open Competition Government Construction Act passed the House 74 – 18. The bill would require state and local public agencies, with some valid exceptions, to remain neutral by prohibiting requirements to use union labor in public improvement contracts, unless there is an imminent threat to public health or safety. The Senate Committee on Governmental Affairs gave the bill approval on a 6 – 0 vote. The bill was placed on a Senate calendar but was carried over at the call of the chair.

HB 45, The Ten Commandments Constitutional Amendment Bill, by Representative Duwayne Bridges (R – Valley) passed the House with a 77 – 19 vote. Democrats cast the nineteen votes against the bill that would allow the Ten Commandments to be displayed on property owned or administered by a public school or public body. It further provides that every person would be at liberty to worship according to his or her own conscience and that all of a person's rights and privileges would not be diminished or enlarged because of their religious beliefs. If approved by the Senate, voters would have to vote on the constitutional amendment before it would become law.

HB 410 by Representative John Merrill (R – Tuscaloosa) was approved by the House to allow emergency response engineers access to emergency or disaster areas to restore broadcasting capability and to transmit emergency public information when the broadcasting facility is in a disaster area. The bill is now in the Senate Commerce, Transportation and Utilities Committee.

HB 362 by Representative Rod Scott (D – Fairfield) was approved and provides for a program of gap insurance to provide for the replacement of K-12 school buildings destroyed by a covered peril, with materials superior to its original construction. This bill is now in the Senate Education Committee.

HB 373 by Representative Bill Poole (R – Tuscaloosa) passed the House last week. The Prepaid Phone Card Tax Bill clarifies that prepaid wireless cards are subject to sales and use tax. If approved, the bill applies to all open tax periods.

The House also passed a variety of Alabama sunset bills, which would allow a number of departments and agencies to exist and function, including: the Department of Insurance, the Public Service Commission, State Board of Podiatry, the Board of Registration for Foresters, the State Oil and Gas Board and the Alabama State Board of Prosthetists and Orthotists.

Committee Actions

SB 231, The Lawsuit Lending Bill, by Senator Cam Ward (R – Alabaster) was favorably reported by the Senate Banking and Insurance Committee last week. It would treat a lawsuit loan as a consumer loan and the lender would be classified as a consumer lawsuit lender. The bill would cap the loan finance charge at 10 percent. The bill is ready to be placed on the Senate calendar.

SB 48 by Senator Clay Scofield (R – Guntersville) was favorably approved by the House Commerce and Small Business Committee last Wednesday. The bill would make it illegal for business owners to avoid unemployment taxes by dissolving one business and creating a new entity with largely the same assets. The bill says a new entity that acquires at least 65 percent of the organization, trade, employees or the former business itself would inherit the unemployment compensation experience rating of the original business.

Senator Scofield's bill is now ready for full Senate consideration. The House companion bill, HB 109 by Representative Wes Long (R – Guntersville) was favorably reported by the House Commerce and Small Business Committee and is on the House calendar.

HB 151, The Small Business Tax Relief Act, by Representative Barry Moore (R – Enterprise) was favorably reported out of the Senate Finance and Taxation Education Committee on Wednesday and was transmitted to the full Senate. The bill passed the House 96 – 2 earlier and, if it becomes law, would increase the average monthly tax liability threshold, from \$1,000 to \$2,500, for businesses that make advance estimated sales tax payments. Some 3,900 businesses would be relieved from having to pay estimated taxes and would be able to use those funds, totaling \$4.5 million statewide, in their business operations.

HB 318, The Prayer Allowed In Public Schools Bill, by Representative Steve Hurst (R – Munford) was approved on a voice vote in the House Education and Policy Committee. The bill would require teachers in every first class of the day in all public schools, to set aside up to 15 minutes to read verbatim an opening prayer that has been given before Congress.

The House Ways & Means General Fund Committee met last Wednesday and approved a \$1.8 billion 2015 General Fund Budget, which is close to the budget proposed by Governor Robert Bentley. The Department of Corrections received level funding, the Alabama Medicaid Agency received a \$70 million increase instead of the \$85 million increase requested and the Attorney General's Office wasn't included in the budget at all. The House committee wants the Attorney General's Office to be funded with \$7 million the state is receiving from lawsuit settlements with five large mortgage companies. The debate on the budget begins in the House on Wednesday.

The House convenes Tuesday at 1:00 p.m. and the Senate at 2:00 p.m. for a three-day week. Both chambers plan to be in session Tuesday, Wednesday and Thursday. The Alabama State Public Policy Team will continue to monitor all proposed and pending legislation and maintain a presence in the State House throughout the legislative session.