

PUBLICATION

Alabama Legislative Update - Week 8: Action Packed Week in Montgomery

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Week eight brought some of the most exciting and dramatic legislative action to date and developed into one of the most productive weeks of this Regular Session.

Changes to Immigration Law Introduced

The much-discussed and long-anticipated bill revising Alabama's controversial immigration law was introduced in the House of Representatives. The new bill maintains the requirement that businesses use the federal E-Verify database to verify the citizenship status of new hires. However, companies doing business with public entities would not be liable for subcontractors unless it can be shown by "clear and convincing" evidence they had knowledge the subcontractor was hiring illegal workers. The bill has been assigned to the House Public Safety and Homeland Security Committee and could be debated in the full House within the next few weeks. For more information, [click here](#) for a fact sheet outlining the proposed changes.

Bill Allowing Private Companies To Hire Inmate Labor Passes House

After a lengthy and at times heated debate, the House approved a bill to let private businesses contract with the state prison system for inmate labor. The prison system could keep up to 40 percent of the inmate's wages to help cover incarceration costs and up to 40 percent could be taken to help cover any restitution the inmate was ordered to pay his or her victims. The bill specifies that inmates would have to be paid the prevailing wages for the area they are in and the type of work they perform. All work would be done within the prison. The bill has already passed the Senate and now goes to the governor for his signature.

House Committee Approves General Fund Budget with Drastic Cuts

The House Ways and Means committee approved a budget on Wednesday that will probably require large cuts in state services and hundreds of layoffs of state employees. The bill, which includes a 30 percent cut to Medicaid, would be an overall reduction of about \$341.6 million over the 2012 General Fund budget. A number of legislators, and also Governor Bentley's office, are concerned about the cuts to Medicaid and will look for a rise in the Medicaid allocations in negotiations going forward. The bill now goes to the House for a vote.

Charter School Legislation Passes Committee

After nearly two weeks of heated debate among legislators and behind-the-scenes negotiations, House Bill 541, the Education Options Act of 2012, passed out of the House Ways and Means Education committee. The plan, which will allow public charter schools for the first time in Alabama, was altered to tighten the focus to areas with struggling schools and limiting the total number of charter schools to 20 statewide. Insiders expect the Speaker to bring the bill to the House floor sooner rather than later.

Aviation and Aerospace Incentives Passes Senate

The Senate gave final legislative approval to a proposed tax break, worth an estimated \$2.4 million to \$3.5 million a year, that would benefit companies that repair and renovate military aircraft and larger commercial

aircraft. Governor Bentley supports the bill. The plan, starting October 1, would exempt from the state sales tax the parts, systems and components used to repair or renovate military or transport-category aircraft that are based out-of-state. Transport-category aircraft include jets with a take-off weight greater than 12,500 pounds or with ten or more seats, and prop aircraft with a maximum take-off weight of more than 19,000 pounds or with 20 or more seats. The sales tax exemption for aircraft parts and systems under the bill would expire in May 2022 unless extended by the Legislature.

Single-Point Filing System Clears Committees in Both House and Senate

Senate Bill 459 and House Bill 597, the two versions of legislation designed to streamline the processes for businesses to file certain city and state tax returns, received favorable reports from committees on both sides of the aisle. Currently, businesses operating in more than one municipality or county in Alabama have to file separate tax returns in each location as well as with the state. The legislation would create the Optional Network Election for Single Point Online Transaction, otherwise known as the ONE SPOT system. The free, electronic system would enable businesses to file just once, rather than filing in every municipality and county where it does business. Both the House and Senate versions are expected to be fast-tracked by House and Senate Republican leadership.

Senate Passes Alabama Data Processing Center Economic Incentive Act

Late Thursday evening, the Alabama Senate passed a bill that will expand the scope of certain tax incentives in order to focus on recruiting data processing centers to the state. The Alabama Data Processing Center Economic Incentive Enhancement Act extends the period of time that granting authorities can abate certain ad valorem taxes and construction-related taxes for data processing centers and warehousing and storage facilities in Alabama.

Measure To Streamline Tax Assessment Appeals Clears House

The House passed "Alabama Taxpayers' Bill of Rights II" bill, a measure that streamlines the process for appealing tax assessments. House Bill 105 was supported by a cross-section of the business community. Under the provisions of this legislation, the appeals process for tax assessments will be streamlined and made independent of the taxing governments, all of which have a vested interest in denying such appeals. Instead, an independent Alabama Tax Appeals Commission would be created and tasked with hearing disputes over assessments involving income, sales, use, rental and lodging taxes issued by the State Department of Revenue, by cities or counties or by private auditing firms they employ. The legislation also lengthens the appeal time for taxpayers from 30 days to 60 days.

Unemployment Compensation Changes Clear Senate

The Senate passed a bill that would reduce unemployment compensation payments to laid-off workers by an estimated \$11.4 million a year, and save that amount for the state's unemployment compensation trust fund. Under current law, weekly jobless benefits paid to people are interrupted for one week after 13 weeks of payments, and then resume. Under Senate Bill 300, the initial jobless benefit payment would be delayed a week, but the interruption after 13 weeks of payments would not happen. The plan now goes to the House for review.

Governor Signs Heroes for Hire Bill

On Wednesday, Governor Bentley signed a bill that gives businesses tax breaks for hiring military veterans returning from service. The Heroes for Hire Bill gives a \$1,000 tax credit to businesses hiring a recently returning, discharged or unemployed veteran, and a \$2,000 credit to the veteran if he or she starts a business.

Lawmakers' Pay Could Be Tied to Median Household Income

The House approved a proposal that would tie legislators' salary to the median household income of Alabama. The bill would change lawmakers' pay to a true salary that would be the same as the median household income. The State Personnel Board would be the organization in charge of determining what the median household income was in the state each year. The change would take effect immediately after the 2014 General Election if senators and voters approved the measure.

Auburn Trustee Nominations Clear Confirmations Committee

Confirmation of the remaining five nominees for the Auburn University Board of Trustees was delayed in the Alabama Senate on Thursday as lengthy Democratic filibusters took up much of the day. Republican leaders had intended to bring the nominees up for confirmation Thursday and will try to have them confirmed when the Senate reconvenes Tuesday.

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.