PUBLICATION

Alabama Legislative Update – Week 9: Bills Make Significant Progress in the House

April 15, 2013

Legislators convened for a three-day work week that ended in early adjournment on Thursday afternoon as lawmakers left Montgomery to beat anticipated severe weather. Day 20 concluded a week that saw progress on several significant bills as the House of Representatives and Senate prepare for the last ten, and arguably most controversial, days of this Regular Session.

Signed Into Law

Governor Bentley Pens Bill to Help Counties Participate in Road Program

Governor Robert Bentley signed a bill to authorize borrowing up to $25 million to help more counties participate in a road and bridge improvement program. The bill establishes the Rural Assistance Match Program (RAMP). RAMP will be available to counties that are unable to provide the 20 percent matching funds required to participate in the Alabama Transportation Rehabilitation and Improvement Program (ATRIP). Governor Bentley established ATRIP to help local areas access funding for road and bridge improvements. Under RAMP, counties and cities unable to meet the 20 percent local funding match required to leverage federal ATRIP funds could receive up to $1 million in state funds to match an additional $4 million in federal funds. The bill will also allow the Alabama Highway Finance Corporation to borrow up to $25 million by selling bonds to provide the money for RAMP. Since Governor Bentley unveiled his ATRIP initiative, 439 road and bridge projects have been reportedly announced. Sixty one of Alabama's 67 counties have received ATRIP funding for road and bridge projects. The program totals more than $600 million so far, and Governor Bentley predicts it will grow to $1 billion. In return for the state putting up their matching share, the counties are capped in how much they can receive from the program. Counties that put up their matching shares do not have that limitation. The state uses the bond proceeds to put up 80 percent of the cost for a road or bridge project. A local government must contribute the additional 20 percent.

House of Representatives

House Approves Education Trust Fund (ETF) Budget

After several hours of debate and by a vote of 86-13, the House passed a proposed $5.74 billion Education Trust Fund budget for fiscal year 2014. The budget gives K-12 teachers and support workers a two percent pay raise. The increase is lower than Governor Bentley's proposed 2.5 percent increase and Democrats' suggested goal of 5 percent. A House committee settled on two percent, citing financial constraints. The raise is the first for teachers and support personnel since fiscal year 2008. The proposed budget is approximately $170 million higher than last year. It also sets aside $5 million for teacher liability insurance. Committee Chairman Jay Love said the insurance program would provide teachers with a benefit other state employees already have.

The proposed budget includes a 62 percent increase for the state's pre-kindergarten program, from $19 million in 2013 to $31 million in 2014. Advocates hope to expand the program to all of the state's four-year-olds within ten years. The approved ETF budget, including the pay raise and liability component, now moves to the Senate.

Red Tape Reduction Act Goes to the Governor

The House gave final approval to the Senate-passed version of the Red Tape Reduction Act by a vote of 94-0. The bill is intended to ease government regulations for businesses. It would require any agency that proposes a regulation that might adversely affect a business to prepare a business economic impact statement and file it with the Joint Committee on Administrative Regulation Review. The legislation now goes to Governor Bentley for his expected signature.

Bill to Protect Employees Who Report Child Abuse Received Unanimous Support

The House unanimously approved a measure designed to combat child abuse and neglect within the state by broadening the groups and professions that are statutorily required to report suspected cases to authorities. It also creates a new punishment for employers who discipline or penalize workers for reporting suspected child abuse or neglect.

Under current law, those employed in certain professions – including doctors and physicians, law enforcement officers, pharmacists, social workers, school teachers, day care workers and others – are required to contact authorities whenever they believe a child has been the victim of abuse. This legislation would expand mandatory reporting requirements to include physical therapists and employees of public or private postsecondary or higher education institutions. It also clarifies that all employees, teachers and officials of both public and private K–12 schools also maintain the same statutory responsibility to report suspected cases.

Another provision of the bill implements a new Class C misdemeanor punishment for "a public or private employer who discharges, suspends, disciplines, or penalizes an employee for reporting suspected child abuse or neglect." A Class C misdemeanor is punishable by a fine and/or a sentence of up to three months in a city or county jail. The bill now proceeds to the Senate for consideration.

Payday and Title Loan Bill Likely Dead This Session

After an hour and half of testimony from advocates of the measure, the House Financial Services Committee voted to send a bill that would impose limits on the interest charged by payday and title loan companies to a subcommittee, likely killing the bills in the House. The legislation would have capped interest rates at 36 percent APR, limited the number of loans an individual can take out to six per year and created a database to track loans. Currently, payday and title loan companies can charge up to 456 percent APR and 300 percent APR, respectively, on the short-term loans they extend to individuals.

A similar piece of legislation related to title loans but much narrower in scope has already been passed out of the House Financial Services committee. Senate President Pro Tem Del Marsh has been working on legislation with the Alabama Banking Department that would not include an interest rate cap, but put in place the loan limit and the central database. If this legislation makes it through the Senate, it will go to the House Financial Services Committee before a full vote of the House.

The Upcoming Week

Highly-Anticipated Medicaid Bill Likely to Move

After months of intense discussion, drafting and negotiation, the Medicaid bill will be brought to the forefront as proposed legislation is up for consideration in committee. The bill is designed to reform the system that accounts for the largest expenditure of the General Fund Budget. As introduced, the bills would divide the state into as many as eight regions, known as regional care networks, to manage the Medicaid program for that area. The regions would have the option of contracting with commercial managed care companies. Additionally, the most recent version includes a compromise resulting from a marathon meeting between hospital executives and the Chairmen of the House and Senate Health Committees. The compromise provides that health care providers agree to a three-year guarantee on provider assessment and the Legislature has three years to come up with a managed care system that works. If the proposed managed care system does not satisfy the providers, however, the providers will reimburse the state for the costs it incurred in setting up the system.

The bills are expected to be on the agenda in the House and Senate Health Committees this week. Few expect the current versions to proceed without change.

Law Prohibiting Excessive Legal Fees Coming to House Floor

A bill that will mandate the state contracting agency to make a written determination that contingency fee counsel is cost effective and in the public interest is expected to see deliberation in the House this week. The legislation would require a contracting agency to request proposals from private counsel, with certain exceptions. In order to rein in excessive attorneys' fees, the bill sets tiers for contingency fees as a percent of recovered amounts ranging from 25 percent to one percent. To ensure that the private plaintiff's firm is acting in the best interests of the state, and not in the interest of their own profit, the legislation requires government attorneys to maintain control of cases and any settlement decisions. Transparency is achieved through the requirement that a copy of the executed fee contract be posted online. In addition, the private attorney must maintain time records and keep detailed records of expenses, disbursements, etc. for four years after the contract terminates.

In Other News...

Governor Robert Bentley Will Seek Re-election

After months of suggestion, Governor Bentley, 70, confirmed his decision over the weekend at the state convention of college Republicans. Through a statement from his campaign, Governor Bentley stated: "After prayerful consideration, Dianne and I have decided to seek the Republican nomination for a second term." Stacy Lee George has announced that he will oppose Governor Bentley in the Republican primary.

In 2000, George, 44, defeated a Democratic incumbent to become the first Republican elected to the Morgan County Commission, serving eight years before defeat. For the last four years, he has worked as a state correctional officer. Former junior college chancellor Bradley Byrne, who finished second to Governor Bentley in the 2010 Republican runoff, said he has not made a decision on his plans for 2014. Greenville businessman Tim James, who finished a close third in the primary, said he is not running as of now but admitted "…. you never say never in politics." House Minority Leader Craig Ford has indicated he is considering running for the Democrat nomination. Thus far, he is the only Democrat who has shown an interest. The primary election will be held on June 4, 2014.

Alabama Losing 9 Weeks of Unemployment Benefits

Currently, Alabamians have been able to qualify for 63 weeks of benefits. That number is being reduced by nine weeks to 54 weeks. Alabama Labor Commissioner Tom Surtees said the state is no longer eligible for the extra nine weeks of federally funded benefits because the state's unemployment rate fell below seven percent in November, December and January. The unemployed who are currently between 54 weeks and 63 weeks can collect their remaining benefits as long as they meet eligibility requirements. But people with less than 54 weeks will no longer be able to qualify for the extra nine weeks.

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.