

PUBLICATION

Alabama Legislative Update – Week 6: Legislators Focus on Education, Tort Reform and Health Care

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In a week that was dominated by events surrounding the Alabama Accountability Act, several significant pieces of legislation still moved through – or died in – the State House.

The Battle Over Education

Governor Signs Alabama Accountability Act

In a unanimous decision, the Alabama Supreme Court vacated a temporary restraining order that had previously blocked HB 84, the Alabama Accountability Act, from being transmitted from the Legislature to the Governor. After the Alabama Education Association (AEA) filed a lawsuit challenging how lawmakers approved the bill, Montgomery Circuit Judge Charles Price issued the restraining order that blocked legislative staff from sending the bill to Governor Bentley for his signature. The following day, Governor Bentley signed the bill into law. The Act will give a \$3,500 income tax credit to families zoned for "failing" schools to pay for tuition at a private school or a better public school. Families who are zoned for failing schools but have already enrolled their child in private school could also take the credit. It also gives tax credits for donations to scholarship programs to help lower income families bridge the gap between the \$3,500 and private school tuition.

Governor Bentley, Speaker of the House Mike Hubbard and Senate President Pro Tem Del Marsh have all said they look forward to working with State Superintendent Tommy Bice on developing regulations for the bill. Still, legislative leaders introduced a bill that Senator Marsh described as a "vehicle" to address any changes to the law that could not be addressed through regulation. This legislation reflects a concern of Representative Paul DeMarco, who sought language that would prevent schools from being forced to enroll students. Representative DeMarco said the bill would "make the issue clear," saying regulation would not be enough.

Leaders of AEA have already indicated their intent to continue challenging the legislation in court, and few expect the governor's signature to end the battle over the Alabama Accountability Act.

Common Core Repeal Likely Dead This Session

At least for the duration of this legislative session, the effort to repeal the Alabama College and Career Ready Standards is dead. Before a packed room, the Senate Education Committee voted to carry over indefinitely SB 190, effectively killing the bill. The initial legislation would have prohibited the State Board of Education from implementing the Alabama College and Career Ready Standards, based in part on the Common Core State Standards Initiative. Those standards, sponsored by the National Governors' Association, seek to standardize educational standards around the nation. The bill also would have prevented the sharing of student data with the federal government, except under certain situations.

House of Representatives

Revised Airbus Tort Reform Sails Through

The House passed a revised version of a Senate-approved bill that would provide time limits on lawsuits filed against Airbus and its suppliers arising from accidents involving planes built at the final assembly line plant in Mobile. The changes made were due to a drafting error when the bill was transmitted from the Senate. The Senate changed the legislation, which originally provided for a ten-year statute, to a 12-year statute. The change, however, was not reflected in every reference to the ten-year time frame in the bill. The Senate is expected to concur with the change. Governor Bentley has indicated he will sign the legislation without delay.

Irrigation Bill Passes House

The Irrigation Tax Credit Bill passed in the House and is awaiting signature by the governor. This legislation makes three revisions to the original bill that was passed last year. First, the amendment reduces the size of a water body that qualifies for a tax credit without building an off-stream reservoir from 10,000 to 8,000 cubic feet per second (cfs). This revision will open farmland in portions of the Upper Tombigbee, Warrior and Coosa Rivers. Second, it allows a farmer to spread the tax credit over five years. Lastly, at the request of the Department of Revenue, the amendment would add language to describe how the tax credit is distributed among members of a partnership that own a farm.

Senate

Lean General Fund Clears Senate

By a vote of 22-9, the Senate passed the \$1.7 billion General Fund Budget, including a potential \$48 million windfall from a still pending tobacco settlement. The legislation includes the first installment toward repaying money borrowed from the Alabama Trust Fund and appropriates an additional \$2.8 billion over Governor Bentley's proposed budget. Funding for the Legislature and President Pro Tem's office was reduced by roughly \$1.7 million from FY 2013. Cost of living increases for state workers were not included. The proposed budget also increased the appropriation to the Alabama Department of Environmental Management by \$1 million. If additional funds for the department are not included in the budget, Director Lance LeFleur has stated he will seek a permit fee increase to fill any gaps.

Senators Pass Agency Consolidation and IT Bills

Senators granted final passage to a bill that would consolidate the functions of 22 separate law enforcement and public safety agencies under a new Alabama State Law Enforcement Agency, which would include the Department of Public Safety and the State Bureau of Investigations. It would also create the position of Secretary of the Alabama State Law Enforcement Agency, a cabinet-level position appointed by the governor. The Secretary will serve as homeland security advisor for the state, taking the duties now performed by the homeland security director. Colleges and universities governed by separate boards of trustees and the Alabama State Port Authority are exempt from the bill's provisions.

Another bill to create a new cabinet position, Secretary of Information Technology, and a related Office of the Secretary of Information Technology passed the Senate. The new cabinet position will oversee strategic planning, coordination and administration of information technology goods and services. The bill also would create an eight-member Permanent Legislative Oversight Committee for Information Technology to review the Secretary of Information Technology's performance.

Both bills originally passed the Senate and were amended and passed by the House. The Senate concurred with the amendments and now go to Governor Bentley.

Medicaid Reform

Medicaid Commission Releases Final Report

The Alabama Medicaid Advisory Commission has recommended a virtual overhaul in the current system. The proposal will reportedly end the Alabama Medicaid Agency's fee-for-service model in favor of a network of locally run, community-based managed care networks. State Health Officer Don Williamson called the plan "potentially the most important health transformation" the state has seen. Dr. Williamson said the proposal would save the state \$50 to \$75 million each year over what Medicaid would otherwise cost.

The Alabama Medicaid Agency will draw up to eight regions that will group Medicaid patients, hospitals and providers. The networks would help manage a patient's care and provide wrap-around services to help get people to the doctor. Incorporating the recommendations contained in the Commission's report, Senator Greg Reed introduced the Patient Care Case Management (PCCM) bill. The legislation would create no more than eight Medicaid regions. Regional care organizations will have to be in place by October 1, 2016, or earlier. A region could contract with private managed care. Moreover, Representative Jim McClendon, one of the expected sponsors of the legislation resulting from the Commission reports, has indicated that managed care is not off the table.

Medicaid, the single most expensive component of the \$1.7 billion state General Fund budget, was appropriated \$615 million this fiscal year, and in its current form is growing by an estimated \$100 million a year. About 930,000 Alabamians are enrolled in Medicaid, the joint state-federal health care system for the needy, blind, disabled, elderly and low-income families with children.

Committee Action

Medicaid Bills Approved by House Committee

Three Medicaid bills made their way through committee. HB 370 would cap state Medicaid spending contingent on passage of Governor Bentley's proposed legislation creating the PCCM network. HB 371 would require CMS waiver approval to allow Alabama to change patient co-pays that haven't been altered since 1985. HB 372 would abolish the Medicaid Joint Interim Committee and the dormant Permanent Joint Legislative Committee on Medicaid Policy and create a 12-member Permanent Joint Medicaid Council.

Bill for an Independent Tax Commission Passes Senate Committee

By unanimous vote, the Senate Fiscal Responsibility and Accountability Committee gave a favorable report to a bill that provides for an independent Alabama tax appeals commission, separate from the Alabama Department of Revenue, and updates and conforms to federal law several provisions of Alabama Taxpayers' Bill of Rights (TBOR II) to promote tax fairness and compliance. The companion bill is pending in the House and has been placed on the regular calendar.

Omnibus Gun Bill Faces Challenges

The chairmen of the House and Senate Judiciary Committees predicted that the omnibus gun bill currently in the Senate is unlikely to pass in its current form. As written, the bill would prohibit business owners from telling employees they were prohibited from bringing firearms to work, even in their private vehicles in the company parking lot.

Senator Cam Ward, Chairman of the Senate Judiciary Committee, said the bill has too many operating parts which probably dooms it from successfully navigating the legislative process and becoming law. The bill is currently on the Senate calendar. Minority Leader Craig Ford introduced the same bill in the House.

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.