

PUBLICATION

Alabama Legislative Update: 2012 Session Begins

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Regular Session Convenes and Gets Down to Business

On February 7, the Alabama Legislature convened for the 2012 Regular Session. The House of Representatives and Senate, controlled by still relatively new Republican supermajorities, wasted no time getting down to business. More than 400 bills were filed within the first few days of the session, and legislators appeared eager to start what is expected to be an aggressive session.

Their first official meeting, however, was a sobering one, when the Legislative Fiscal Office (LFO) told legislators of the state's dire budgetary predictions. Norris Green, the interim director of the LFO, reported that state revenues for fiscal year 2012 will total approximately \$1.7 billion while the total appropriations and obligations for fiscal year 2012 are estimated at \$1.88 billion. Unless spending cuts are made among various state agencies, Mr. Green said Governor Robert Bentley will likely have to declare proration across the board with cuts of up to nine percent.

The bad news did not end there. Mr. Green went on to note that the outlook for the next fiscal year is even worse, and that without tax increases or other new revenues he expected the General Fund to raise only about \$1.34 billion next year, \$367 million less than this year's expected revenues.

With these bleak financial projections in mind, the governor addressed a joint session of the Legislature in his State of the State address and promised to reduce the size of government and oppose any tax increases. Governor Bentley proposes to address the state's financial problems by reducing the size and scope of government and providing "new tools to economic recruiters" to help increase the job market in Alabama.

He also suggested that money be taken from the Education Trust Fund and moved to the General Fund in an effort to shore up anemic agencies such as Medicaid and Corrections, which consume more of the General Fund budget each year. This proposal was met with hostility from legislative leaders. Jim Barton, Chairman of the House Ways and Means Committee, called it "dead on arrival."

Legislative leaders have long said they would make job creation the top priority, and they began advancing that agenda immediately. Committees approved more than a half-dozen bills Wednesday aimed at creating jobs and bringing new industry to Alabama on the Legislature's first committee meeting day of the year.

By Thursday, three bills had advanced to the House floor and were passed by the end of the first legislative week:

1. The Alabama Data Processing Center Economic Incentive Enhancement Act, House Bill 154, sponsored by Rep. Dan Williams (R-Athens), passed by a vote of 72 yeas, 18 nays and 2 abstentions.

- Expands the scope of certain tax incentives in order to focus on recruiting more data processing centers to Alabama.

2. Aviation and Aerospace Economic Incentives, House Bill 39, sponsored by Rep. Paul Lee (R-Dothan), passed by a vote of 80 yeas, 8 nays and 4 abstentions.

- Provides for a special tax incentive allowing Alabama to target aircraft manufacturers and aircraft parts manufacturers.

3. Enhanced Incentives to Recruit Job-Creating Coal Mining Projects, House Bill 144, sponsored by Rep. Bill Roberts (R-Jasper), passed by a vote of 80 yeas and 3 nays.

- Enhances the state's ability to recruit coal mining companies by allowing them to qualify for certain existing tax incentives currently available to manufacturers and other businesses.

These bills now go to the Senate for consideration. We expect more jobs bills to be on the agenda when lawmakers reconvene on Tuesday.

The Alabama State Public Policy Team will continue to monitor all proposed and pending legislation and maintain a presence in the statehouse throughout the legislative session.