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# What To Watch For

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**Alabama Public Policy Presentation  
The 2013 Regular Session**

EXPAND YOUR EXPECTATIONS<sup>SM</sup>

# Overview of The Alabama Legislature

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- The Alabama Legislature convenes on the first Tuesday in February, except:
  - In the first year of the four-year term (2011), when session begins on the first Tuesday in March; and
  - In the final year of the four-year term (2014), when session begins on the second Tuesday in January.
  - In 2013, the Legislature will convene on February 5<sup>th</sup>.
- Length of the regular session is limited to 30 meeting days within 105 calendar days.
- Target adjournment is May 20<sup>th</sup>.

## Overview of The Alabama Legislature (continued)

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- Typically, meeting days are Tuesdays and Thursdays with committee days in between, although as the session winds down, that pattern is often altered.
- Special Session is limited to 12 meeting days within 30 calendar days.
- There are 140 members of the Alabama Legislature
  - 105 in the House.
  - 35 in the Senate
  - Republicans have a “super majority” (3/5) in both. (63 in the House and 21 in the Senate)

## **Legislation Enacted During The Alabama Legislature's 2012 Regular Session**

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- **Incentives For Coal Mining Industry, House Bill 144**  
Coal mining companies allowed them to qualify for certain existing tax incentives currently available to manufacturers and other businesses
- **Heroes for Hire" Tax Credit Act, House Bill 152**  
Offers Alabama businesses a \$2,000 tax credit for hiring a veteran recently returned from war.
- **Aviation and Aerospace Economic Incentives, House Bill 39**  
Provides for a special tax incentive allowing Alabama to better compete in targeting aircraft manufacturers and aircraft parts manufacturers for economic development.

## Legislation Enacted During The Alabama Legislature's 2012 Regular Session (continued)

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- Flexible Capital Tax Credits for Job Creators, House Bill 140  
Allows new and expanding businesses that spend at least \$100 million on capital improvements and hire at least 100 people to delay the tax credit for up to four years.
  - New or expanding companies typically qualify for an income tax credit for five percent of their investment each year for 20 years.
  - This law allows a company that invests \$400 million to carry forward the credit for an additional four years. The credit can be held for three years for a \$300 million investment, two years for \$200 million and one year for \$100 million.

## Legislation Enacted During The Alabama Legislature's 2012 Regular Session (continued)

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- Constitutional Reform
  - House Bill 357 updates and modernizes language in Article 12 of the 1901 Alabama Constitution dealing with private corporations, railroads and canals.
  - House Bill 358 updates and modernizes Article 13 dealing with banks and banking law.
  - House Bill 359 provides that the failure to register will not impair the validity of a foreign corporation's contracts or actions.

# Legislation Enacted During The Alabama Legislature's 2012 Regular Session (continued)

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- Unemployment Compensation Reform
  - **House Bill 72** provides that those caught defrauding the unemployment compensation fund of more than \$2,500 will be guilty of a Class B felony.
  - Less than \$2,500 constitutes a Class B felony, and less than \$500 is a Class A misdemeanor.
  - Those who cheat the system will also be disqualified from receiving any unemployment benefits for a 52-week period, and subsequent offenses will be punished by a 104-week disqualification.
  - They will also be forced to repay the fraudulently-received benefits along with an interest penalty to the Alabama Department of Industrial Relations.
  - **Senate Bill 300** establishes a one-week waiting period during the first compensable week of unemployment compensation benefits for individuals seeking unemployment benefits.
  - **House Bill 285** provides that individuals will be able to receive benefits for 26 consecutive weeks beginning with the second compensable week.

## Legislation Enacted During The Alabama Legislature's 2012 Regular Session (continued)

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- Streamlined Tax Filing for Businesses, Senate Bill 549  
Streamlines the process for businesses filing tax returns with cities and counties across the state. The law creates an electronic single point of filing system that will be made available for filing and remitting state and local sales, use and rental and lease taxes.
  - The system, known as ONE SPOT (Optional Network Election for Single Point Online Transactions) will be administered by the Alabama Department of Revenue and available for use by both taxpayers and Alabama municipalities and counties at no cost.
  - The system must be operational in time for returns and payments due in tax periods that begin after Sept. 30, 2013.



## Legislation Enacted During The Alabama Legislature's 2012 Regular Session (continued)

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- Revisions to Alabama's Immigration Law, House Bill 658
  - Although every employer must be enrolled in e-Verify, contractors and subcontractors no longer have to submit affidavits attesting to their enrollment and swearing they are not employing unauthorized aliens.
  - Revises penalties for non-compliance for contractors and subcontractors. Increases monitoring by Alabama Department of Homeland Security.
  - Adds exemption for providing pastoral or religious care.

## Legislation Enacted During The Alabama Legislature's 2012 Regular Session (continued)

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- Discrepancy Between Alabama Department of Revenue Regulation and Statute Resolved, House Bill 286
  - Requires taxpayers to recognize their share of the entity's income from all sources worldwide, with the taxpayer receiving credits for 100 percent of entity-level, income-like taxes paid to other states and receiving a 50 percent credit for income taxes paid to foreign countries, to avoid double taxation on the same income.

## Legislation Enacted During The Alabama Legislature's 2012 Regular Session (continued)

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- Honored Foreign Money Judgments, Senate Bill 348
  - Foreign money judgments will be honored in Alabama as long as the issuing court was competent, had jurisdiction and gave the parties an opportunity to defend themselves.
  - Provides a simple court procedure for enforcing foreign country money judgments, addresses burdens of proof of the parties not covered by current law, established grounds for denying recognition of foreign-country money judgments and established a statute of limitations for recognition actions.

## Legislation Enacted During The Alabama Legislature's 2012 Regular Session (continued)

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- Certificate Of Need Process Streamlined, House Bill 370
  - CON Appeals go directly to the Court of Civil Appeals rather than Circuit Court.
  - Law will apply to future CON applications.
- Alabama Tourism Attraction Incentive Act, House Bill 599
  - Allows a county, municipality or public industrial authority to abate certain property taxes and construction-related transaction taxes for tourism destination attractions. These attractions may also qualify for capital credits.

# 2013 Legislative Agenda

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- **The People's Trust Act**

- In September, voters approved a measure to transfer \$437 million from the Alabama Trust Fund to the General Fund
- The Legislature's first priority for the 2013 session is passing legislation mandating that every borrowed penny be repaid.
- The payback structure will give the Governor flexibility in making the Alabama Trust Fund whole, while containing benchmarks that ensure repayment by the end of FY 2026.

## 2013 Legislative Agenda (continued)

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- The 21<sup>st</sup> Century Workforce Preparedness Act
- Legislative leaders wants to strength the state's investment in career technical education by making sure high school students across the state have access to updated technology and equipment.
- Yesterday, Governor Bentley signed an executive order creating a task force designed to better prepare students for life outside of high school.
- The Governor's College and Career Ready Task Force will bring together members of K-12 education, two-year and four-year colleges as well business and industry leaders and lawmakers.
- Rep. Mike Hubbard, speaker of the Alabama House of Representatives, Senate President Pro Tem Del Marsh and Lt. Gov. Kay Ivey will serve as co-chairs on the task force.

## 2013 Legislative Agenda (continued)

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- **The Red Tape Reduction Act**
  - The Red Tape Reduction Act would require each state agency to prepare an economic impact analysis prior to the adoption of any proposed regulation that may have an adverse impact on small businesses, thereby giving the Legislature an additional mechanism to protect our state's economy from needless and damaging bureaucratic initiatives.
- **The Religious Liberty Act**
  - This act would allow religiously affiliated employers to opt out of certain ObamaCare mandates that would otherwise require the employer to provide its employees with insurance coverage for contraceptives and abortion-inducing agents.

## 2013 Legislative Agenda (continued)

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- **The Medicaid Block Grant Compact**
  - Alabama would become the eighth state to join this interstate compact.
  - With Congressional consent, the Health Care Compact would place the authority and responsibility for healthcare regulation to the member states, and would provide the funds to the states to fulfill that responsibility.
- **The Medicaid Fraud Reduction Act**
  - With the Medicaid Fraud Reduction Act, the Attorney General's Office and the Alabama Medicaid Agency would be given more authority to pinpoint, investigate, and prosecute instances of Medicaid fraud and abuse.



## 2013 Legislative Agenda (continued)

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- **Guns in the Workplace Legislation**

- In the last 2012 Alabama legislative session, Senate Bill 331, a bill that would give gun owners the right to carry firearms to work but leave them locked in their cars was debated in the Senate but a vote was never taken
- Sanford agreed to carry it over, effectively killing the bill.
- In the upcoming session, Senator Roger Bedford (D-Russellville) is proposing legislation that has been endorsed by the NRA and is widely known as the "Parking Lot Bill".

## 2013 Legislative Agenda (continued)

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- “Parking Lot Bills” have been passed in 20 states since 2004 and allow employees to bring firearms—ranging from handguns, rifles and shotguns—to work and store them in their vehicles, even against an employer's wishes.
- This will once again be a wedge issue to divide Republicans
- Business owners contend their property rights trump the rights of the second amendment.
- BCA has met with a representative from the NRA in D.C. to discuss this issue

# Taxpayer Bill of Rights (TBOR)

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- This legislation passed overwhelmingly in both houses in 2012, but was pocket-vetoed by Gov. Bentley due to “technical” issues with the legislation.
- Creates the Alabama Tax Appeals Commission (ATAC) by abolishing the current Administrative Law Division of the AL Dept. of Revenue and creating a new independent state tax agency under the Executive branch.
- Will allow taxpayers to appeal assessments of sales, use, rental or lodging tax from self-administered cities and counties to the ATAC, unless the governing body of the city or county opts out.

# Workers' Comp Reform

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- Alabama's employers have reduced worksite injuries by 50% over the last 15 years and have one of the lowest incidences of worksite injuries of any state in the country.
- This has not translated into lower Workers' Comp costs and insurance premiums.
- Alabama has not updated its Workers' Comp statutory language around employer liability for injured workers with pre-existing conditions, conditions that may or may not contribute to the severity of a disability, since 1992.
- Professional fees--Rates higher than Blue Cross Blue Shield of AL and the Medicare program by 41% and 80%, respectively
- 1 of every 4 prescriptions filled from physicians' offices, at costs ranging from 60%-300% higher than if filled from pharmacies.
- "Fixed fee" for outpatient surgical procedures are far less than states that pay for the same procedures based on a percent-of-charge basis. (Alabama pays for outpatient surgical procedures on a percent-of-charge basis.)