

Alabama Legislative Report
January 14, 2022

American Rescue Plan Act Allocation

Allocating around \$580 million in federal American Rescue Plan Act (“ARPA”) funding has been the focus of the first week of the 2022 regular session and will likely dominate the next few weeks. The Governor is likely to call the legislature into a special session next week to ensure the issue is addressed in a manner with as few distractions as possible.

The authorized uses of the ARPA funds generally include rural broadband, water and sewer infrastructure, public health, and pandemic relief. While broadband expansion continues to be a priority of many policymakers (the newly formed Digital Expansion Authority met on Monday to approve a statewide plan), water and sewer needs also seem to be a priority for many communities around the state. ARPA also includes a separate \$192 million Capital Projects Fund, which will be allocated in the upcoming special session. The state will receive another \$1.1 billion installment in the summer of 2022. Those funds will be allocated once they are received.

Notably, the legislature previously allocated about \$400 million in ARPA funds for prisons and \$80 million for hospitals and nursing homes during last year’s special session.

According to a draft plan obtained by the Alabama Daily News, the legislature will consider the following allocation:

Coronavirus State Fiscal Recovery Fund - 1st Tranche	\$1,060,139,708.50
Coronavirus State Fiscal Recovery Fund Expenditures to Date	-\$480,000,000.00
Remaining Balance to be Expended	\$580,139,708.50
Potential Allocations Below	-\$580,139,708.50
Remaining Unallocated Balance	\$0.00
Expenditure Categories with Proposed Allocation Amounts:	
(1) PUBLIC HEALTH	\$80,000,000.00
<i>Additional amount discussed for Hospitals and Nursing Homes</i>	-\$80,000,000.00
Category Balance	\$0.00
(2) REVENUE REPLACEMENT (1st Calculation Remaining)	\$136,796,346.00
<i>Discussed Uses for Balance:</i>	
Broadband	-\$34,000,000.00
Healthcare (including Mental Health and Veterans Homes)	-\$36,796,346.00
Telemedicine	-\$5,000,000.00
Rural Hospital Assistance Grants	-\$30,000,000.00
County reimbursement of inmate care from March 2021-December 2021	-\$11,000,000.00
Volunteer Fire Departments/EMS	-\$20,000,000.00
Category Balance	\$0.00
(3) INFRASTRUCTURE	\$276,000,000.00
Broadband	-\$51,000,000.00
Water/Sewer Emergency Projects	-\$120,000,000.00
Water/Sewer Matching Grants	-\$105,000,000.00
Category Balance	\$0.00
(4) NEGATIVE ECONOMIC IMPACTS	\$79,500,000.00
Unemployment Trust Fund	-\$79,500,000.00
Category Balance	\$0.00
(5) SERVICES FOR DISPROPORTIONATELY IMPACTED COMMUNITIES	\$0.00
Category Balance	\$0.00
(6) PREMIUM PAY	\$0.00
Category Balance	\$0.00
(7) ADMINISTRATIVE	\$7,843,362.50
For administrative costs	-\$7,843,362.50
Category Balance	\$0.00
Remaining Unallocated Balance	\$0.00

1.13.22

Budgets

After ARPA funding is appropriated, attention will likely turn to the state budgets. Both the General Fund and Education Trust Fund budgets are expected to be in good shape and should see revenue increases, although appropriators are mindful that federal stimulus has created a temporary circumstance. The goal seems to be passing fiscally conservative budgets that remain stable after federal COVID stimulus money runs out. Governor Ivey's proposal includes \$2.7 billion for the General Fund and \$8.3 for the Education Trust Fund. If realized, those figures would represent increases of about \$300 million and \$627 million, respectively. The Governor's budget includes 4% pay raises for teachers and state employees.

Economic Development and Tax Incentives

SB 57 by Senator Arthur Orr is a bill worth watching. The bill establishes new reporting requirements for tax incentive program and also terminates or "sunset" all incentive programs that currently aren't subject to a sunset provision.

Specifically, the bills says, among other things, the following:

"Notwithstanding any law to the contrary, any tax incentive, credit, or abatement as described in Title 40 of the Code of Alabama 1975 that does not have a prescribed expiration, conclusion, or repeal date, shall be repealed on December 31, 2023, unless extended by an act of the Legislature during the 2023 Regular Session. The Department of Revenue shall develop a list of tax incentives, credits, or abatements subject to the sunset provisions of this section."

As currently written, this legislation is very broad and the impact/consequences are unknown at this time.

NIL

Also of note, HB 76 passed out of the House State Government Committee on Wednesday. It would repeal the name, image, and likeness ("NIL") law that the Legislature passed last year. Since last year's passage, the NCAA has adopted blanket guidelines that have proven less restrictive than Alabama's 2021 law. By continuing under the Alabama law passed last year, athletes in Alabama would be at a disadvantage relative to athletes in states that simply operate according to the new NCAA guidelines, thereby undercutting the original purpose of the law.

SB 0083 | Tim Melson

[Airports, Alabama Airport Economic and Infrastructure Program, established](#)

Jan 13, 2022 - Read for the first time and referred to the Senate committee on Fiscal Responsibility and Economic Development

House Committee:

Senate Committee: Fiscal Responsibility and Economic Development

HB 0082 | Danny Garrett

[Small Business Relief and Revitalization Act of 2022, cancellation of indebtedness income exempt from income tax, financial institution excise tax and corporate income tax due date extension, certain business tangible personal property ad valorem tax exemption, deposit of certified funds with Revenue in lieu of one-time surety bond for licensure, average monthly sales tax liability for estimated payments increased, Secs. 40-16-3.1, 40-18-39.1 added; Secs. 40-9-1, 40-23-6, 40-23-6.1, 40-23-7 am'd.](#)

Jan 11, 2022 - Read for the first time and referred to the House of Representatives committee on Ways and Means Education

House Committee: Ways and Means Education

Senate Committee:

SB 0057 | Arthur Orr

[Taxation, tax credit, authorized for the cost of acquisition and construction of a qualified storm shelter](#)

Jan 11, 2022 - Read for the first time and referred to the Senate committee on Finance and Taxation Education

House Committee:

Senate Committee: Finance and Taxation Education