

## **Alabama Legislative Report**

**March 10, 2022**

### **State of the State**

The Alabama Legislature gavelled in to begin the first year of its new quadrennium on Tuesday. The first day of the session culminated in a joint session where Governor Ivey laid out her agenda in her State of the State address.

Ivey urged the Legislature to utilize a portion of the state's \$2.8 billion surplus to fund one-time tax rebates of up to \$400 per taxpayer and \$800 for families. Ivey also called for strengthening Alabama's school choice programs which currently include charter schools and the Alabama Accountability Act scholarship program. Her education priorities include a 2% pay raise for teachers, which would make the starting salaries of Alabama's teachers the highest in the Southeast, and mandatory kindergarten for students before starting first-grade. Ivey also referenced an Executive Order she later signed on Wednesday requiring all Departments to cut 25% of its regulations on businesses and citizens by March of 2025 in an effort to eliminate unnecessary bureaucracy.

Governor Ivey later issued a proclamation for the Legislature to enter into a Special Session on Wednesday to appropriate the remaining \$1.06 billion left in Alabama's allocation under the American Rescue Plan ("ARPA") and to use surplus funds to pay off the \$60 million still owed to the Alabama Trust Fund that was withdrawn shortly after the Great Recession. Accordingly, since the Legislature is in Special Session, they will not consider any Regular Session legislation until they reconvene on March 21.

### **ARPA Special Session**

HB 1, filed by new House General Fund Chairman Rex Reynolds, details how the State plans to spend its remaining \$1.06 billion in ARPA funds. The bill authorizes the Department of Finance to spend the following amounts in each category:

- Up to \$339,175,000 for healthcare and related services related to the coronavirus
  - \$100,000,000 to reimburse hospitals
  - \$100,000,000 to reimburse nursing homes
  - \$5,000,000 to reimburse veteran's hospitals
  - \$40,000,000 to reimburse the State Employees' Insurance Board
  - \$40,000,000 to reimburse the Public Education Employees' Health Insurance Board
  - \$25,000,000 to support mental health programs
  - \$9,000,000 to facilitate the expansion of telemedicine
  - \$20,000,000 to assist with a voluntary clinical trial to enable access to personalized medicine
  - \$175,000 to reimburse coronavirus vaccine voucher programs for public university students

- Up to \$260,000,000 for the expansion of broadband
- Up to \$400,000,000 for water and sewer infrastructure projects
  - \$395,000,000 may be delegated to ADEM to utilize in the following manner:
    - \$195,000,000 for water and sewer systems for high-need projects
    - \$200,000,000 for matching grants to public water and sewer systems
  - \$5,000,000 for wastewater improvement grants in the Alabama Black Belt
- Up to \$55,000,000 for programs such as food assistance, senior services, victims of domestic violence, long-term housing security and other related social-welfare programs
- Up to \$5,000,000 to the Department of Labor to reimburse it for the expense of conducting unemployment hearings related to the coronavirus
- The remainder is used for administrative purposes

All ARPA money must be expended by December 31, 2026. Any money unspent reverts to the US Government after that date.

HB 1, and HB 2, along with its Senate counterpart SB 1 that pays back the \$60 million to the Alabama Trust Fund, all passed their respective committees yesterday. The Legislature will re-convene on Tuesday where it is expected that the bills will pass their original chambers. The Special Session should end next Thursday with the passage of the two bills in a similar form in which they were filed.