

## Alabama Legislative Report

May 26, 2023

### Budget Bills Barrel Towards Finish Line

In a relatively rare move by the Alabama Legislature, both the House and Senate worked diligently through the day on Thursday, past midnight, and into early Friday morning to send both the Alabama General Fund budget, Education Trust Fund budget, and corresponding supplemental bills to Governor Ivey. All four budget bills passed between 12:30 and 2:15am this morning after going through a conference committee process where members from both chambers met to hash out their differences. Passing both budgets removes the Budget Isolation Resolution (BIR), a procedural vote that is required prior to the passage of both budgets. Removal of the BIR makes it easier for the Legislature to quickly work through its remaining bills in the final three legislative days of the Session. Additionally, because the Legislature is still in Session, Governor Ivey must sign, veto, or executive amend the budgets. This gives the Legislature a chance to override a veto or executive amendment if they so choose. Below is a summary of each budget and its supplemental appropriation bill.

#### **HB124 – State General Fund**

The total expenditure for the State General Fund in the 2024 Fiscal Year is \$2.557 billion, which is an increase of \$30 million from the House passed version and \$35 million from the Senate passed version. The final conference committee report reinstated \$2.5 million to pay off the World Games debt and added an additional \$23.5 million to the Alabama Law Enforcement Agency. The bulk of the General Fund's spending is from Medicaid - \$863 million, and the Department of Corrections - \$661.7 million. State employees will also receive a 2% raise.

#### **HB125 – State General Fund Supplemental**

The supplemental makes immediate appropriations in the amount of \$207.6 million. The highlights of the supplemental are as follows:

- \$10 million to the Department of Veteran's Affairs;
- \$10.9 million to ADECA for various projects across the State;
- \$39.9 million to pay off State bond debt;
- \$22 million to the Department of Mental Health, including \$18 million for the construction of the Taylor Hardin mental hospital;
- \$50 million to the General Fund Budget Reserve Fund;
- \$6 million to the Department of Finance for elevator upgrades in the State Capitol;
- \$12.4 million to the Alabama Forestry Commission, \$10 million of which is to be used for grants to volunteer fire departments across the State;
- \$2.5 million to the World Games, totaling \$5 million across both budget bills to help extinguish the World Games' debt;
- \$5 million to the Montgomery County Commission for economic development
- \$5 million to the Mobile Airport Authority for relocation of commercial airline operations; and,

- \$20 million to the Port of Alabama for coal loading/unloading equipment.

Allocations to the Montgomery County Commission, Port of Alabama, and Mobile Airport Authority were originally in the Governor's education recommendations. The money is now being spent in the General Fund bills.

### **SB 88 – Education Trust Fund**

The total expenditure for the Education Trust Fund in the 2024 Fiscal Year is \$8.78 billion. Very little changed in the overall budget. The budget chairs were able to appropriate the exact amount of money, though allocated differently, in the budget as recommended by the Governor. The University of Alabama system will receive \$672.5 million, the Auburn University system will receive \$362 million, while the State Department of Education will receive a large increase, up to \$534 million, primarily due to the passage of recent bills such as the Alabama Numeracy Act - \$40 million, Career Tech and Career Coaches - \$49 million, and Math and Science initiatives - \$94 million. The ETF includes a 2% increase for education workers.

### **SB87 – Education Trust Fund Supplemental**

The ETF supplemental immediately makes appropriations in the amount of \$2.787 billion. The highlights from the supplemental are as follows:

- \$393 million for tax rebates, which is \$150 for individual income filers, and \$300 per joint filers to begin on November 30, 2023.
- \$18 million to pay off State bond debt;
- \$64 million to the State Board of Education, including \$20 million for new buses and \$20 million for student materials;
- \$10 million to existing charter schools;
- \$40 million for school safety grants;
- \$360 million to school systems to help offset inflationary increases as it relates to a 2020 bond issuance for construction and maintenance projects;
- \$59 million to the education employees' insurance fund for Covid-related expenditures;
- \$111.6 million to the Department of Commerce for various workforce training centers and workforce programs;
- \$51 million to the Alabama Innovation Fund;
- \$46.6 million to the Alabama Commission on Higher Education;
- Varying amounts to each higher-education institution in Alabama for priority projects;
- \$486.4 million to the Alabama Community College System, including \$103 million for the construction of inmate education in state prison facilities;
- \$179 million to the K-12 Capital Grant Program which will be managed by the Lieutenant Governor and used to provide grants to eligible school systems with deferred maintenance, technology needs, or capital projects;

- \$30 million to the Distressed Higher Education loan program, which was designed to provide a backstop to institutions, like Birmingham-Southern, who are in financial distress;
- \$353.9 million to the Educational Opportunities Reserve Fund which will provide access to funding, even outside of proration, to programs such as the Literacy and Numeracy Acts which require significant funding; and
- \$9.5 million to the Department of Mental Health.

### **School Choice Legislation**

The Legislature continued work on school choice bills this week. The wide-reaching PRICE Act, a universal voucher bill for all school-aged children, has died without reaching either the House or Senate floor. Instead, leaders have focused on two bills, SB263, pertaining to the Alabama Accountability Act (AAA), and HB363, pertaining to charter schools.

SB263 passed the Senate 26-7 after hours of bipartisan debate. The AAA is a tax-credit based school choice program that allows students zoned for underperforming schools and low-income students to receive scholarships to attend the public or private school of their choice. SB263 immediately increases the AAA cap from \$30M to \$40M, and allows the cap to increase to \$60M over time if certain conditions are met. The bill also expands the number of families who are eligible for the program. Currently, families who earn less than 185% of the federal poverty level can apply for scholarships. The bill allows families that earn up to federal poverty level to 250% to participate.

Democrats, who have rarely voted for school choice legislation, argued that increasing funding for the AAA takes money from public schools in the state. Republicans argue that the AAA provides choice and hope for thousands of children throughout the state who would otherwise be stuck in problematic schools.

SB263 passed out of the House Ways and Means Education Committee on Thursday without any changes. The bill is scheduled to be on the House floor on Wednesday.

Likewise, HB363 remains one step away from final passage. The bill, which clarifies how conversion public charter schools receive funding and modifies the appointment process for the commissions on the Alabama Public Charter School Commission has passed the Senate Education Policy Committee and is awaiting a final floor vote.

### **Tax Cut Bill Updates**

The grocery sales tax cut bill, HB479, unanimously passed the House on Thursday. The bill's ultimate effect is to gradually cut the State's 4% sales tax on food to 2% if certain state revenue metrics are met. The 4% tax would immediately drop to 3% beginning on September 1, 2023. The bill is expected to pass in the Senate, despite opposition from the Alabama Education Association who oppose the expected \$300+ million cut to ETF revenue and cities who oppose the prohibition against future municipal grocery tax increases. Legislators have been worried that any cut in the State's rate would simply be backfilled by cities and counties hungry for revenue, which would keep the overall rate the same, but funnel more money into local coffers at the expense of state revenues.

The status of other tax cut bills, such as cutting the state individual income tax rate by .05% and exempting overtime from income tax, is murky at best, as budget chairs have warned against going "too big" on cutting taxes as the economy creeps toward a possible recession and downturn in future State revenues.

The Legislature will reconvene on Wednesday, May 31st with a maximum of three legislative days left in the 2023 Session.

EDAA

<b>Bill</b>	<b>Sponsors</b>	<b>Title</b>	<b>Last Action</b>	<b>Latest Version</b>
AL 2023rs <a href="#">SB</a> <a href="#">299</a>	<a href="#">Arthur Orr</a>	Relating to the Coal Production Tax Credit; to amend Section 40-18-220, Code of Alabama 1975, to allow the credit to be claimed against both income and utility services taxes; to allow the credits to be earned by all persons that increase their production of coal mined in Alabama from the prior year; to allow any unused credits to be carried forward for no more than five years;	House • May 26, 2023: Read Second Time in Second House	<a href="#">Engrossed</a>
AL 2023rs <a href="#">HB</a> <a href="#">445</a>	<a href="#">Danny Garrett</a>	Relating to the Sweet Home Alabama Tourism Investment Act; to amend Section 5 of Act 2023-34 of the 2023 Regular Session, now appearing as Sections 40-18-472 and 40-18-473, Code of Alabama 1975, to clarify the tax rebates for certain businesses for certified tourism destination projects are only available for projects placed into service after the effective date of the act. (Finance and Taxation Education)	Senate • May 26, 2023: Referred to Committee (Finance and Taxation Education)	<a href="#">Introduced</a>
AL 2023rs <a href="#">HB</a> <a href="#">378</a>	<a href="#">Chip Brown</a>	Relating to environmental protection; to amend Sections 22-30E-2, 22-30E-3, 22-30E-4, 22-30E-5, 22-30E-9, and 35-19-4, Code of Alabama 1975, to provide potentially responsible parties with limitations of liability with respect to a brownfield site; to create the Brownfield Remediation Reserve Fund; to add Sections 22-30E-14, 22-30E-15, and 22-30E-16 to the Code of Alabama 1975, to provide for the creation of brownfield redevelopment districts; and to make	House • May 25, 2023: Enrolled	<a href="#">Enrolled</a>

Bill	Sponsors	Title	Last Action	Latest Version
		nonsubstantive, technical revisions to update the existing code language to current style		
AL 2023rs <a href="#">HB 439</a>	<a href="#">David Faulkner</a>	Relating to the Growing Alabama Credit; to add Section 40-18-417.8 to the Code of Alabama 1975; to provide that the credit from a parent or holding company may be claimed by the subsidiary in certain circumstances; and to provide retroactive effect.	House • May 25, 2023: Enrolled	<a href="#">Enrolled</a>
AL 2023rs <a href="#">SB 261</a>	<a href="#">Dan Roberts</a>	Relating to public contracts; to prohibit governmental entities from entering into certain contracts with companies that boycott businesses because the business engages in certain sectors or does not meet certain environmental or corporate governance standards or does not facilitate certain activities; to provide that no company in the state shall be required by a governmental entity, nor penalized by a governmental entity for declining to engage in economic boycotts or other actions that further social, political, or ideological interests; to require the Attorney General to take actions to prevent federal laws or actions from penalizing, inflicting harm on, limiting commercial relations with, or changing or limiting the activities of companies or residents of the state based on the furtherance of economic boycott criteria; and to authorize the Attorney General to investigate and enforce this act; and to provide definitions.	House • May 24, 2023: Read Second Time in Second House	<a href="#">Engrossed</a>
AL 2023rs	<a href="#">Jamie Kiel</a>	Relating to the Entertainment Industry Incentive Act of 2009; to amend Sections 41-7A-40, 41-7A-41, 41-7A-	Senate • May 24, 2023: Referred to Committee	<a href="#">Engrossed</a>

Bill	Sponsors	Title	Last Action	Latest Version
<a href="#">HB 429</a>		42, 41-7A-45, and 41-7A-48, Code of Alabama 1975, to expand the incentive by renaming it the Film and Music Incentive Act of 2023, to increase the cap on incentives to fifty million dollars annually, and to allow for the inclusion of music and virtual reality as qualified production companies. (Finance and Taxation Education)	(Finance and Taxation Education)	
AL 2023rs <a href="#">HB 443</a>	<a href="#">Danny Garrett</a>	Relating to economic tax incentives; to amend Section 40-1-50, Code of Alabama 1975; to change the reporting date requirements of state agencies which administer economic tax incentives; to align committee schedules to review state agency reports; to establish sunset dates for tax incentive programs; to establish future sunset dates for extended tax incentive programs; and to provide required guidelines for all new incentive legislation.	House • May 17, 2023: Read Second Time in House of Origin	<a href="#">Introduced</a>
AL 2023rs <a href="#">HB 467</a>	<a href="#">Anthony Daniels</a>	Relating to the Alabama Rural, Agribusiness, and Opportunity Zone Jobs Act; to amend Sections 40-9H-2 and 40-9H-3, Code of Alabama 1975; to authorize the issuance of state matching capital to certified growth funds to make capital accessible to rural and minority owned businesses. (Ways and Means Education)	House • May 11, 2023: Introduced and Referred (Ways and Means Education)	<a href="#">Introduced</a>
AL 2023rs <a href="#">SB 293</a>	<a href="#">Garlan Gudger</a>	Relating to the Entertainment Industry Incentive Act of 2009; to amend Sections 41-7A-40, 41-7A-41, 41-7A-42, 41-7A-43, 41-7A-45, and 41-7A-48, Code of Alabama 1975, to expand the incentive by renaming it the Film and	Senate • May 04, 2023: Introduced and Referred (Finance and	<a href="#">Introduced</a>

Bill	Sponsors	Title	Last Action	Latest Version
		<p>Music Incentive Act of 2023, to allow for the inclusion of music and virtual reality as qualified production companies; to define a "historic location," and to increase the current cap of the incentive. (Finance and Taxation Education)</p>	<p>Taxation Education)</p>	
<p>AL 2023rs <a href="#">HB 241</a></p>	<p><a href="#">Danny Garrett</a></p>	<p>Relating to the Alabama Jobs Act and the Growing Alabama Act; to amend Sections 40-18-370, 40-18-372, 40-18-374, 40-18-375, 40-18-376, 40-18-376.1, 40-18-376.2, 40-18-376.3, 40-18-376.4, 40-18-377, 40-18-378, 40-18-382, 40-18-383, 40-18-417.1, 40-18-417.2, 40-18-417.3, 40-18-417.4, 40-18-417.7, and 40-9B-4.1, Code of Alabama 1975, to extend the Alabama Jobs Act sunset date to July 31, 2028; to increase the annualized cap on outstanding Alabama Jobs Act incentives by twenty-five million dollars each year for five years up to four hundred seventy-five million dollars; to increase the investment tax credit transfer time to provide that the first five years of the investment credit may be transferred by the incentivized company and applied by another person or company under the Alabama Jobs Act; to extend the Growing Alabama Act sunset date to July 31, 2028, to increase the annual cap on funding approved pursuant to the Growing Alabama Act to thirty-five million dollars; to remove certain programs from the Growing Alabama Act for the transfer to Innovate Alabama.</p>	<p>House • Apr 20, 2023: Enrolled</p>	<p><a href="#">Enrolled</a></p>

Bill	Sponsors	Title	Last Action	Latest Version
AL 2023rs <a href="#">HB</a> <a href="#">247</a>	<a href="#">Anthony Daniels</a>	Relating to economic development; to amend Sections 41-10-802 and 41-10-822, Code of Alabama 1975, to provide for a name change for the Alabama Innovation Corporation and revise the residency requirements for certain grant recipients; to amend Section 41-10-805, Code of Alabama 1975, relating to the Board of Directors of the Alabama Innovation Corporation, to make conforming changes to accurately cite the Code of Alabama 1975; and to add a new Article 22, commencing with Section 41-10-840, to Chapter 10 of Title 41, Code of Alabama 1975, to reestablish the technology accelerator tax credit program and the underrepresented company tax credit program as the Innovating Alabama tax credit program; and to exempt working groups, task forces, and subcommittees of the Alabama Innovation Corporation from the Alabama Open Meetings Act.	House • Apr 20, 2023: Enrolled	<a href="#">Enrolled</a>
AL 2023rs <a href="#">SB</a> <a href="#">165</a>	<a href="#">Arthur Orr</a>	Relating to economic development; to add Article 2D, commencing with Section 41-10-47.01, to Chapter 10 of Title 41, Code of Alabama 1975; to authorize the State Industrial Development Authority to make site assessment grants and site development grants to certain companies; to provide for the criteria that must be met for grant approval; to provide for changes to criteria based on economic conditions; to limit the funding that may be received by any site under the grant program; to create the Alabama Site Development Fund and provide for its management; to amend Section 41-10-27.2, Code of Alabama 1975, providing for an annual	Senate • Apr 20, 2023: Enrolled	<a href="#">Enrolled</a>



Bill	Sponsors	Title	Last Action	Latest Version
		<p>appropriation to the State Industrial Development Authority, to authorize the appropriation to be expended on the grant program created herein; and to exempt the State Industrial Development Authority and certain economic development organizations from certain state laws.</p>		
<p>AL 2023rs <a href="#">SB</a> <a href="#">151</a></p>	<p><a href="#">Garlan Gudger</a></p>	<p>Relating to economic development; to add Section 40-18-379.1 to the Code of Alabama 1975, to require the Department of Commerce to publish certain information regarding economic development incentives awarded under the Alabama Jobs Act.</p>	<p>Senate • Apr 20, 2023: Enrolled</p>	<p><a href="#">Enrolled</a></p>
<p>AL 2023rs <a href="#">HB</a> <a href="#">240</a></p>	<p><a href="#">Cynthia Almond</a></p>	<p>Relating to economic development; to add Section 40-18-379.1 to the Code of Alabama 1975, to require the Department of Commerce to publish certain information regarding economic development incentives awarded under the Alabama Jobs Act.</p>	<p>Senate • Apr 19, 2023: Read Second Time in Second House</p>	<p><a href="#">Introduced</a></p>
<p>AL 2023rs <a href="#">HB</a> <a href="#">257</a></p>	<p><a href="#">Danny Garrett</a></p>	<p>Relating to economic development; to add Article 2D, commencing with Section 41-10-47.01, to Chapter 10 of Title 41, Code of Alabama 1975; to authorize the State Industrial Development Authority to make site assessment grants and site development grants to certain companies; to provide for the criteria that must be met for grant approval; to provide for changes to criteria based on economic conditions; to limit the funding that may be received by any site under the grant program; to create the Alabama Site Development Fund and provide for its management; to</p>	<p>Senate • Apr 19, 2023: Read Second Time in Second House</p>	<p><a href="#">Engrossed</a></p>

Bill	Sponsors	Title	Last Action	Latest Version
		amend Section 41-10-27.2, Code of Alabama 1975, providing for an annual appropriation to the State Industrial Development Authority, to authorize the appropriation to be expended on the grant program created herein; and to exempt the State Industrial Development Authority and certain economic development organizations from certain state laws.		
AL 2023rs <a href="#">HB</a> <a href="#">291</a>	<a href="#">Donna Givens</a>	Relating to use of industrial access roads and bridges; to amend Section 23-6-9, Code of Alabama 1975, to exclude certain industrial access roads constructed by certain public corporations from the public highway and street system of the state; and to make nonsubstantive, technical revisions to update the existing code language to current style.	House • Apr 19, 2023: Read Second Time in House of Origin	<a href="#">Introduced</a>
AL 2023rs <a href="#">HB</a> <a href="#">259</a>	<a href="#">Margie Wilcox</a>	Relating to tax abatements; to specify that the method of determining fair market value of real or personal property by a tax abatement recipient appealing an ad valorem tax assessment in circuit court shall be the same method used by the county granting the tax abatement; and to exclude consideration of obsolescence in determining fair market valuation of real or personal property for the duration of an abatement. (State Government)	House • Apr 12, 2023: Carry Over (State Government)	<a href="#">Introduced</a>
AL 2023rs <a href="#">SB</a> <a href="#">152</a>	<a href="#">Bobby D. Singleton</a>	Relating to economic development; to amend Sections 41-10-802 and 41-10-822, Code of Alabama 1975, to provide for a name change for the Alabama Innovation Corporation and revise the	Senate • Apr 04, 2023: Introduced and Referred (Finance and	<a href="#">Introduced</a>

Bill	Sponsors	Title	Last Action	Latest Version
		<p>residency requirements for certain grant recipients; to amend Section 41-10-805, Code of Alabama 1975, relating to the Board of Directors of the Alabama Innovation Corporation, to make conforming changes to accurately cite the Code of Alabama 1975; and to add a new Article 22, commencing with Section 41-10-840, to Chapter 10 of Title 41, Code of Alabama 1975, to reestablish the technology accelerator tax credit program and the underrepresented company tax credit program as the Innovating Alabama tax credit program; and to exempt working groups, task forces, and subcommittees of the Alabama Innovation Corporation from the Alabama Open Meetings Act. (Finance and Taxation Education)</p>	<p>Taxation Education)</p>	
<p>AL 2023rs <a href="#">SB</a> <a href="#">164</a></p>	<p><a href="#">Greg J. Reed</a></p>	<p>Relating to the Alabama Jobs Act and the Growing Alabama Act; to amend Sections 40-18-370, 40-18-372, 40-18-374, 40-18-375, 40-18-376, 40-18-376.1, 40-18-376.2, 40-18-376.3, 40-18-376.4, 40-18-377, 40-18-378, 40-18-382, 40-18-383, 40-18-417.1, 40-18-417.2, 40-18-417.3, 40-18-417.4, 40-18-417.7, and 40-9B-4.1, Code of Alabama 1975, to extend the Alabama Jobs Act sunset date to July 31, 2028; to increase the annualized cap on outstanding Alabama Jobs Act incentives by twenty-five million dollars each year for five years up to four hundred seventy-five million dollars; to increase the investment tax credit transfer time to provide that the first five years of the investment credit may be transferred by the incentivized company and applied by another person or company under the</p>	<p>Senate • Apr 04, 2023: Introduced and Referred (Finance and Taxation Education)</p>	<p><a href="#">Int</a></p>

<b>Bill</b>	<b>Sponsors</b>	<b>Title</b>	<b>Last Action</b>	<b>Latest Version</b>
		Alabama Jobs Act; to extend the Growing Alabama Act sunset date to July 31, 2028, to increase the annual cap on funding approved pursuant to the Growing Alabama Act to thirty-five million dollars; to remove certain programs from the Growing Alabama Act for the transfer to Innovate Alabama. (Finance and Taxation Education)		