

Alabama Legislative Report
February 7, 2025

Legislature Gavels In for 2025

The Alabama Legislature began its 2025 regular session this week. Both the House and Senate convened, as required by the Alabama Constitution, and have already passed legislation during this initial three-day week.

Gudger Unanimously Elected to Senate's Top Post

Following the appointment of former Senate President Pro Tem Greg Reed as Secretary of the Department of Workforce (formerly the Department of Labor), the Senate elected Garlan Gudger of Cullman as the new Senate President Pro Tem.

Governor Ivey Sets Agenda; Pushes Record Budgets

In her State of the State address, Governor Kay Ivey declared public safety her top priority for 2025. She voiced support for several measures, including a ban on Glock switches and other conversion devices, immigration measures, increased penalties for impersonating a law enforcement officer, and the creation of the Alabama Law Enforcement Officers' Family Scholarship Program to improve recruitment and retention. She also proposed a \$3 million appropriation for the Metro Area Crime Suppression Unit, creating a permanent 24-person unit deployable to crime hotspots statewide, similar to the state's joint initiative in Montgomery that was begun last year.

As budget analysts and legislative leaders urge fiscal restraint due to a slowing economy and reduced federal funding, Governor Ivey proposed record budgets for both the Education Trust Fund (ETF) and the General Fund.

The proposed ETF budget is nearly **\$10 billion**, a **\$600 million increase** over the current FY25 budget.

The proposed General Fund budget is **\$3.7 billion**, a **\$300 million increase**.

Notable General Fund increases include:

- **\$200 million more for Medicaid** (bringing the total to \$1.2 billion, approximately one-third of the entire General Fund)
- **\$827 million for the Department of Corrections** (up from \$737 million last year)
- **\$142 million** for the Alabama Law Enforcement Agency.

Due to higher than expected revenue growth in FY25, budget chairmen also introduced supplemental spending bills for both budgets. Agencies can spend these funds immediately after the bills pass the Legislature.

Ivey proposed \$1.3 billion for the Advancement and Technology Fund for K-12 and higher education, \$50 million for the CHOOSE Act (Alabama's universal school choice program), \$29 million for the Alabama Community College System, and \$50 million for school safety programs. HB185, by House General Fund Chair Rex Reynolds, is more modest, allocating approximately \$20 million to the Alabama court system and authorizing ALDOT to pay higher amounts for previously issued bonds.

Economic Development/Tax Abatement Changes Coming

Two of the most widely used tools in economic developers' toolkits for attracting businesses to the State are ad valorem property tax abatements and tax abatements of construction related materials used in conjunction with building an economic development project..

Commerce Secretary Ellen McNair announced the Alabama Growth Alliance is pursuing changes to the existing law, which currently allows a 100% abatement of the state's non-educational ad valorem millage (3.5 mills of the total 6.5) and 100% of the 4% state sales tax for qualified projects. The proposed change would abate 2.5 mills of ad valorem tax instead of 3.5, and exempt 3.25% of the 4% sales tax (and 0.75% of the state's 1.5% machine tax rate) instead of the full amounts. The estimated \$30 million in annual revenue generated by these changes would go into the Alabama Development Fund to support new and expanded initiatives, such as SEEDS grants.

Immigration Bills On The Move

Several bills aimed at addressing illegal immigration in Alabama quickly passed the Senate County and Municipal Government Committee on Wednesday and now await a full Senate vote. These four bills advanced:

- **SB53 (Senator Kitchens):** Creates the crime of human smuggling if someone transports into Alabama someone they know or should know is an undocumented immigrant. Also specifies the steps jails must take to determine the immigration status of those they detain and transfer them to federal custody if they are not in the country legally.
- **SB55 (Senator Elliott):** Invalidates out-of-state driver's licenses explicitly issued without proof of lawful U.S. presence.
- **SB63 (Senator Bell):** Requires law enforcement agencies to collect fingerprints and DNA samples from any undocumented immigrant in custody and submit them for testing and cataloging.
- **SB77 (Senator Weaver):** Imposes a fee on outgoing international electronic wire transfers: \$7.50 plus 1.5% of any amount over \$500. These fees would fund the Sheriffs' Immigration Enforcement and Detainer Fund, helping sheriffs enforce immigration laws. Taxpayers would receive an income tax credit for any international wire transfer fees paid.

Unemployment Contact Requirements Increase

Representative Oliver's HB29 would increase the number of prospective employers an unemployed individual must contact weekly to maintain unemployment benefits.

Currently, claimants must contact at least three employers per week; this bill raises the requirement to five. Proponents, including Oliver, argue this will boost Alabama's lagging labor participation rate. The bill is awaiting a full House vote.

Veterans Affairs Board Reform

Senator Jones is sponsoring a bill, on behalf of Governor Ivey, to reform the State Board of Veterans Affairs. Following a public dispute in 2024 between the Governor and the Board's former chair, Kent Davis, over ARPA funding, Governor Ivey removed Davis after the Board declined to do so. This bill primarily places the Board under the Governor's authority and allows her to appoint a Commissioner who serves at her pleasure. The bill awaits a full Senate vote.

Gender Definition Bill Passes Senate

The Senate passed Senator April Weaver's "What is a Woman?" bill, which defines various gender terms (boy, female, man, mother, etc.) for use in state law.

Critics argue the bill will lead to discrimination against transgender people, while supporters maintain that sex is fundamental and the bill is simply based on biology and common sense. The bill now moves to the House, where Representative Susan DuBose has introduced a companion bill.

Bell to Lead Senate Fiscal Responsibility & Economic Development Committee

Senator Lance Bell, R-Riverside, is the new chairman of the Senate's Fiscal Responsibility and Economic Development (FRED) Committee.

He replaces Senator Garlan Gudger, who this week became the Senate's President Pro Tem.

The Senate Committee on Assignments announced other changes to fill Gudger's previous posts:

- Senator Keith Kelley, R-Anniston, Finance and Taxation Education Committee;
- Senator Josh Carnley, R-Ino, Confirmations Committee;
- Senator Wes Kitchens, R-Arab, Education Policy Committee;
- Senator Jay Hovey, R-Auburn, Tourism Committee.

Lawmakers will return to Montgomery on Tuesday, February 11th, with 27 legislative days left in the 2025 Regular Session.

We appreciate your readership and look forward to providing insights and analysis on legislation impacting you, your interests, and the State of Alabama.

EDAA

Bill	Sponsors	Title	Last Action	Latest Version
AL 2025rs SB 22	Coleman	Alabama Jobs Act, further provides for recapture of incentives (Fiscal Responsibility and Economic Development (Senate))	Senate, Feb 4, 2025: Pending Committee Action in House of Origin (Fiscal Responsibility and Economic Development)	Introduced