

Alabama Legislative Report
April 4, 2025

Alabama House Passes General Fund Budget, Sending it to Senate

The Alabama House of Representatives on Thursday approved the state's General Fund budget and related legislation, forwarding the spending plan to the Senate for consideration.

The House-passed General Fund budget totals **\$3.67 billion**, representing a **\$309 million increase** compared to the current fiscal year (FY25). This significant rise in spending is primarily attributed to substantial increases in funding for **Medicaid, the Department of Corrections, and the Department of Public Health**. The budget also includes **\$40 million in conditional appropriations** allocated to the Department of Corrections' capital improvement fund for construction-related expenses.

Several differences exist between the funding levels recommended by Governor Ivey and those approved by the House:

- **Port of Mobile:** Increased to **\$3 million** from the recommended \$1 million.
- **ADECA Airport Development Grant Program:** Increased to **\$15 million** from the recommended \$7.5 million.
- **Office of Primary Care and Rural Health:** Decreased to \$500,000 from the recommended \$2 million.
- **Mental Health (Community Provider Rate Increase under the ID Program):** Increased to **\$11.07 million** from the recommended \$8.57 million.

In addition to the General Fund budget, the House also passed a **FY25 supplemental budget**. This supplemental spending plan is notably smaller than in previous years due to slower revenue growth and allows for immediate allocation of funds, including:

- **\$100,000** to the Alabama State Board of Public Accountancy.
- **\$8 million** to the Unified Judicial System from the Court Automation Fund.
- **\$4.6 million** to the Unified Judicial System from the Advanced Technology and Data Exchange Fund.
- An increase in the amount the Alabama Department of Transportation (ALDOT) can pay on outstanding bond obligations, rising from **\$113 million** to **\$126 million**.

The Senate is expected to take up the Education Trust Fund budget next week.

Senate Leader Takes Gaming Legislation Off Table for 2025 Session

Senate Pro Tem President Garlan Gudger has announced that the Senate will not consider any gambling or lottery legislation during the remainder of the 2025 legislative session.

This decision follows the release of Senator Greg Albritton's proposal for a referendum on a lottery and expanded gambling. However, Senator Gudger stated that with only **12 legislative days left** and critical budget matters still pending, there is **insufficient time** to properly address such a complex issue. He also indicated that the votes needed for passage in the Senate are currently lacking.

Senator Gudger's statement effectively halts any potential movement on gambling legislation in the Alabama Senate for the rest of the 2025 session.

House Committee Approves Prescription Fee Bill

A bill requiring pharmacy benefit managers (PBMs) and health plans to reimburse independent pharmacies at a minimum rate set by the Alabama Medicaid Agency has cleared the House Insurance Committee this week. Senate Bill 252 (SB252) includes a mandatory **\$10.64 dispensing fee per prescription**.

The bill has faced opposition from groups such as the Business Council of Alabama and Manufacture Alabama, who argue that the mandated fee will likely increase the cost of employer-sponsored health care plans, ultimately leading to higher costs for businesses and consumers. During the committee meeting, members adopted an amendment that **removed language providing for a private right of action** against a PBM or its affiliate for alleged violations of the bill's new requirements.

SB252 will now proceed to the House floor for a full vote. If the bill passes the House, it will return to the Senate. At that point, the Senate can either approve the changes made by the House with a subsequent vote, or it can request a conference committee. A conference committee would involve a group of House and Senate members working to resolve any differences before holding another vote.

Alabama Lawmakers Consider Bills to Regulate Hemp Products

Two recently introduced bills in the Alabama Legislature aim to establish regulations for products derived from hemp, including delta-8 gummies and delta-9 drinks. The proposals, sponsored by Senator Rodger Smitherman and Representative Andy Whitt, seek to strike a balance between allowing responsible adult consumption and ensuring product safety while mitigating the potential for abuse and consumption by minors.

While these two bills saw committee action this week, there are also five other proposals related to the regulation of hemp products.

Senate Bill 255 (SB255), sponsored by Senator Smitherman, proposes that these hemp-derived products be exclusively sold in establishments dedicated solely to their sale. This would prohibit their availability in locations such as bars, grocery stores, or any other businesses that also sell alcohol. The bill also mandates product testing and would impose an additional 6% sales tax on these items. SB255 has successfully passed out of committee and is now ready for consideration on the Senate floor.

House Bill 445 (HB445), sponsored by Representative Whitt, outlines a regulatory framework where the Alabama Alcoholic Beverage Control Board (ABC) would oversee all hemp products. The bill would restrict retail sales to establishments inaccessible to minors and would levy an additional 7% sales tax, among other regulations. During committee discussion, opponents raised concerns about the potential impact on the thousands of jobs currently supported by the sale of these products in Alabama and allowing responsible adults access to low-dose drinks. The House committee did not hold a vote on HB445.

Bill Expanding Bond Authority for New State Prison Heads to Governor

The Alabama House of Representatives passed Senator Greg Albritton's Senate Bill 60 (SB60) on Tuesday by a vote of 74-16. The legislation provides the state with an additional **\$500 million in bonding authority** to fund the construction of the planned 4,000-bed mega-prison in Escambia County.

While approximately 60% of the funding for the project is currently identified and construction remains several years away, Senator Albritton and other supporters emphasized that the bill serves as a crucial security measure in the event that other anticipated funding sources do not materialize. The state has experienced substantial cost overruns during the construction of the first mega-prison in Elmore County, with the final cost exceeding **\$1 billion**, significantly higher than the initial estimate of \$623 million before construction began.

Having passed both chambers of the legislature, SB60 now goes to Governor Kay Ivey for her signature to become law.

"Prison to Employment" Bill Advances Towards Final Passage

Senator Rodger Smitherman's Senate Bill 138 (SB138), aimed at easing the transition from incarceration to employment, unanimously passed the House Judiciary Committee on Wednesday. The bill would prevent occupational licensing boards from automatically denying professional licenses – such as those for electricians, massage therapists, or landscape architects – based solely on an applicant's criminal history. Under SB138, a license could only be denied if the prior crime directly relates to the specific profession in question. The goal of the legislation is to facilitate quicker and easier access to gainful employment for individuals re-entering society after serving time in prison.

SB138 will now move to the House floor for a vote by the full chamber.

Alabama Lawmakers to Reconvene Next Week with 12 Legislative Days Remaining

Alabama lawmakers are scheduled to return to Montgomery on **Tuesday, April 8, 2025**, to continue the 2025 Regular Legislative Session. They will have **12 legislative days** remaining to address pending legislation, including the state budgets and any other proposed bills.

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Bill	Sponsors	Title	Last Action	Latest Version
AL 2025rs SB 177	Bell	Alabama Film Office renamed, Entertainment Industry Incentive Act of 2009 amended, maximum expenditure threshold eligible for rebates increased, annual cap increased, unspent incentives carried forward House Calendar: Regular Calendar (April 08, 2025) Position: 127 Companion Bills: HB 373	House, Apr 3, 2025: Read for the Second Time and placed on the Calendar (Economic Development and Tourism)	Engrossed
AL 2025rs HB 373	Kiel	Alabama Film Office renamed, Entertainment Industry Incentive Act of 2009 amended, maximum expenditure threshold eligible for rebates increased, annual cap increased, unspent	House, Apr 3, 2025: Re-referred to Committee in House of Origin (Ways and Means Education)	Introduced

Bill	Sponsors	Title	Last Action	Latest Version
		incentives carried forward (Ways and Means Education (House)) Companion Bills: SB 177		
AL 2025rs HB 526	Brown (C)	Alabama 21st Century Fund, further distribution of funds, one-time appropriation to the Department of Commerce (Ways and Means General Fund (House)) On the agenda - House Ways and Means General Fund Standing Meeting Apr 09, 2025 01:30pm Room 617	House, Apr 3, 2025: Pending Committee Action in House of Origin (Ways and Means General Fund)	Introduced
AL 2025rs HB 243	Whitt	To unabate a portion certain state ad valorem and construction related transaction taxes to deposit into the Alabama Development Fund.	House, Apr 3, 2025: Enacted	Act Number 2025-84
AL 2025rs SB 243	Weaver	Economic development, references to outdated economic development plan and NAICS Codes updated Senate Calendar: Regular Calendar (April 08, 2025) Position: 107 Companion Bills: HB 435	Senate, Apr 1, 2025: Read for the Second Time and placed on the Calendar (Fiscal Responsibility and Economic Development)	Introduced
AL 2025rs HB 435	Whitt	Economic development, references to outdated economic development plan and NAICS Codes updated (Commerce and Small Business (House)) Companion Bills: SB 243	House, Mar 18, 2025: Pending Committee Action in House of Origin (Commerce and Small Business)	Introduced
AL 2025rs HB 407	Ingram	Local redevelopment authorities, transient occupancy taxes use as payment in lieu of tax authorized, reporting House Calendar: Regular Calendar (April 08, 2025) Position: 64	House, Mar 19, 2025: Read for the Second Time and placed on the Calendar (County and Municipal Government)	Introduced
AL 2025rs HB 311	Wilcox	Alabama Improvement Districts; to streamline enforcement and collection of assessments; authorize revenue commissioner to collect reasonable compensation; provide additional rights and protections; eliminate certain remedies for failure to pay an assessment House Calendar: Regular Calendar (April 08, 2025)	House, Mar 19, 2025: Read for the Second Time and placed on the Calendar (Economic Development and Tourism)	Introduced

Bill	Sponsors	Title	Last Action	Latest Version
		Position: 76		
AL 2025rs HB 253	Colvin	Taxation; certain aircraft and aircraft parts are exempt from sales, use, and lease taxes Companion Bills: SB 175	House, Mar 18, 2025: Engrossed	Engrossed
AL 2025rs SB 175	Kitchens	Taxation; certain aircraft and aircraft parts are exempt from sales, use, and lease taxes Senate Calendar: Regular Calendar (April 08, 2025) Position: 34 Companion Bills: HB 253	Senate, Feb 27, 2025: Read for the Second Time and placed on the Calendar (Finance and Taxation Education)	Introduced
AL 2025rs HB 292	Rafferty	Economic development tax incentives; value of the repayment of awarded tax incentives required to be published. (Economic Development and Tourism (House))	House, Feb 18, 2025: Pending Committee Action in House of Origin (Economic Development and Tourism)	Introduced
AL 2025rs SB 22	Coleman (M)	Alabama Jobs Act, further provides for recapture of incentives (Ways and Means Education (House))	House, Feb 13, 2025: Pending Committee Action in Second House (Ways and Means Education)	Engrossed
AL 2025rs HB 259	Robbins	Establish income tax credit for recruited or remote workers (Ways and Means Education (House))	House, Feb 11, 2025: Pending Committee Action in House of Origin (Ways and Means Education)	Introduced