

FINE GEDDIE

GOVERNMENT RELATIONS

THE FINE GEDDIE REPORT 2017 REGULAR SESSION · WEEK ELEVEN MAY 5, 2017

BUDGETS APPROVED; CRITICAL INTERPLAY OF CONTROVERSIAL ISSUES

This week confirmed what we suspected all along; the tempered mood of the session thus far has been, indeed, the calm before the storm. Going into the session we anticipated intense debate over important issues in need of immediate resolution such as transportation infrastructure, budget woes, prison overcrowding, impeachment, redistricting and education reform. However, those issues thus far had not generated the level of intensity expected. But this week revealed that a lack of resolution on those issues, particularly education reform and transportation infrastructure, has instigated fear of the unknown, prompting filibusters and drastic preemptive measures. Going into week twelve and the final six days of the session, both the Education Trust Fund and the General Fund budgets are pending final concurrence in the Senate and House respectively or resolution by conference committees. Debate on the federal court-ordered redistricting plan—which has been the big pink elephant in the room all session—is finally underway. Prison construction will be a focus in the final weeks.

THIS WEEK IN THE HOUSE

The House has been periled by filibusters for weeks, which likely stems from pending, and therefore unknown future of, education reform bills opposed by the Democratic Caucus. A charter school measure and a bill to increase the money available for the Alabama Accountability Act scholarship tax credit program are opposed by some proponents of public education, including the Alabama Education Association. However, on Wednesday, the Democratic leadership pledged in good faith to refrain from using dilatory procedural tactics so that the House could consider the Education Trust Fund Budget. In the end, a version of the budget was approved with slight differences between the version approved by the Senate weeks ago. The House version increases funding to pre-kindergarten programs and would provide resources needed to hire 152 more elementary school teachers. Both Auburn University and the University of Alabama System were level-funded and Rep. Poole (R—Tuscaloosa), chairman of the House Ways and Means Committee on the Education Trust Fund, stated that level-funding was due to a \$35 million increase in 2018 for a veterans' scholarship program. It is likely that the Senate will not concur with the changes made by the House and that the bill will be referred to a conference committee next week.

The House also passed two bills related to the coal industry this week. HB467 by Rep. South (R—Fayette) would provide that reclamation permits for surface mining are payable over the life the mine and HB468, also by Rep. South, would direct additional revenue from the coal severance tax to the Surface Mining Commission. Both bills have been assigned to the Senate Transportation and Energy Committees.

THIS WEEK IN THE SENATE

In similar fashion to the House, the Senate approved a General Fund Budget this week that is different from the version initially approved by the House. The bill was considered by the Senate Finance and Taxation Committee on Wednesday and was amended by that committee to cut state agency funding 3.4 percent across the board, which included the Alabama Medicaid Agency, and redirect those funds to the Department of Transportation for transportation infrastructure. The amendment, introduced by Sen. Sanford (R—Madison), one of the most vocal opponents of tax increases, was an ostensibly rash attempt to cure transportation infrastructure woes and eliminate the argument for a gasoline tax increase. However, it did not work. When the bill was considered on the Senate floor on Thursday, Sen. Sanford's amendment was defeated by a vote of 7-25.

REDISTRICTING PLAN SPARKS DEBATE

The Senate approved a redistricting plan on Thursday. Although debate on the measure was clotured in order to cut off a filibuster led by Sen. Smitherman (D—Birmingham), Smitherman asked for the bill to be read at length. The reading could have lasted up to 16 hours and threatened to go past midnight, which would have compelled lawmakers to go into another legislative day. However, after a few hours into the reading, tempers cooled and the reading was stopped for the vote on the bill. Minority party legislators have several objections to the revised districts but primarily object to the partisan and racial balance of seats in Jefferson County which gives Republicans a one vote majority in both the House and Senate, which has important implications for legislation affecting Birmingham and Jefferson County. The Senate plan has been assigned to the House Committee on Constitution, Campaigns and Elections. The House plan, which was approved by that committee this week, is scheduled to be on the House Special Order Calendar on Tuesday.

SENATE HOLDS PUBLIC HEARING ON HEALTH CARE INSURANCE MANDATE; PRESSURE TO PASS BUILDS

This week, the Senate Finance and Taxation Committee on the General Fund conducted a public hearing on the controversial HB284 by Rep. Patterson (R—Huntsville) to make health insurance coverage for Applied Behavior Analysis therapy mandatory for employers. Debate on the measure took place on Thursday, ironically, while the rest of the country's eyes were on Washington watching the Republican-led House of Representatives vote on a measure intended to roll-back health care mandates.

During the hearing, Blue Cross and Blue Shield (speaking as the collective voice for its customers), the Business Council of Alabama and the National Federation for Independent Businesses argued that employers should have the discretion to choose what health care benefits are included in developing their employees' plans. Billy Canary, Chairman of BCA, cautioned lawmakers against removing Medicaid patients from the bill, saying that if they were going to pass the bill, they needed to be fair about it. The inclusion of Medicaid poses a tremendous financial burden to the state and although removing Medicaid from the bill would lighten the budget burden on the state in the future, Canary pointed out that failure to include it would reduce the bill to a

disingenuous gesture. It is worth noting that earlier in the session House members filibustered the General Fund budget because it failed to include a state employee pay raise; those funds were directed to fully fund state employee health insurance increases instead. Should HB284 pass, those health insurance costs will undoubtedly increase again.

Rosemary Elebash, speaking for the NFIB, pointed out that the measure will force employers to reevaluate how their health care dollars are spent and could possibly make them reconsider optional coverage of dental or eye plans. On the other hand, autism advocates stressed the effectiveness of the autism therapy, a point that was not disputed by opponents of the bill. It was apparent from their testimony and commentary in the halls that many proponents of the bill do not realize that employers currently have the option of covering autism therapy and that BCBS is required by law to offer the coverage, or they have been misled to believe otherwise.

Because autism has a tremendous impact on many families, the controversial measure is equally sensitive and consequently prompts the question of whether coverage of other medical conditions should be mandated as well.

UBER LEGISLATION PROGRESSES

On Thursday, the “Uber bills” were debated on the House floor and in a Senate committee. The bills would define transportation network companies and give the Public Service Commission regulatory authority. The purpose of the bill is to create a uniform state law to govern TNCs currently subjected to various municipal ordinances. HB283 by Rep. Faulkner (R—Birmingham) prompted hours-long debate in the House but eventually passed. A substitute version of the Senate companion bill, SB271 by Sen. Singleton (D—Greensboro), was approved by the Senate Tourism and Marketing Committee. The substitute seeks to address concerns of many municipalities, as well as the Birmingham Airport Authority and the Alabama State Port Authority.

ECONOMIC DEVELOPMENT UPDATE

On Tuesday, HB574 by Rep. Baker (R—Bay Minette), legislation to amend and extend authorization of the tax credits under the Alabama Jobs Act to exempt certain projects from the \$850 million aggregate balance cap on incentives, is on the House Special Order Calendar. The current law, enacted in 2015, provides for such incentives until December 2019, but the bill would extend that authorization to 2023. Additionally, the bill would allow the Department of Commerce to offer tax incentives in an amount beyond the \$850 million cap when the projects would employ (and create jobs for) at least 500 workers and includes a capital investment by the recipient of \$100 million or more.

On Wednesday, the Senate Finance and Taxation Committee on the Education Trust Fund removed from their agenda SB377 by Sen. Marsh to repeal the Alabama New Markets Development Act.

The House and Senate will reconvene on Tuesday, May 9 for what is expected to be a three-day week. There are 6 meeting days remaining in the 2017 Regular Session.