

FINE GEDDIE

GOVERNMENT RELATIONS

THE FINE GEDDIE REPORT

2021 REGULAR SESSION

FEBRUARY 2, 2021

OUTLOOK FOR OPENING DAY

The Alabama Legislature convenes in Regular Session at noon today, February 2, with the public excluded from both legislative chambers. Proceedings will be viewable by livestream. Likewise, committee hearings may be observed via livestream through the Legislature's website. Fine Geddie has procedures in place to monitor legislative actions and communicate directly with public officials and staff.

Gov. Kay Ivey will deliver her State of the State address tonight at 6:30 virtually, rather than to a live audience. She is expected to focus on three of her legislative priorities which have been pre-filed. She is also expected to discuss criminal justice reform and the state's newly executed contracts to lease prisons from private builders which will be operated by the state.

INITIAL PRIORITIES

These will be the priority bills for the Legislature in the first two weeks of the session:

- **Economic development incentives** – The expired Alabama Jobs Act had provided tax credits and rebates to new industries, and the expired Growing Alabama Act had provided tax credits for donations to economic development organizations for site improvements. Rep. Bill Poole (R—Tuscaloosa) is sponsoring HB192 to renew these incentives and to enable auto manufacturers to take advantage of an incentive for shipping through the Alabama State Port Authority.
- **COVID-19 liability protection** – With SB30, Sen. Arthur Orr (R—Decatur) is renewing his push from 2020 to provide broad civil immunity to businesses, healthcare providers, government entities and others against claims of coronavirus exposure, with extra protection for healthcare providers.
- **Tax relief for CARES Act benefits** – HB170 by Rep. Danny Garrett (R—Trussville) would provide that amounts received by taxpayers from the federal Coronavirus Relief Fund and small business loans forgiven under the Paycheck Protection Program will be excluded from Alabama income for tax purposes. Going further, HB170 would also address six recommendations of the

Legislative Joint Task Force on The Tax Cuts and Jobs Act of 2017, including:

- allowing pass-through entities to file at the entity level to avoid the SALT limitation,
- decoupling state income tax from the new IRC Section 118 provisions to relieve local economic development incentives from tax,
- decoupling from federal GILTI provisions,
- relieving state taxpayers from the Section 163(j) interest expense limitations,
- changing Alabama's apportionment methodology to a single sales factor,
- eliminating the throwback provision to encourage investment in Alabama.

MORE ISSUES TO WATCH

- Alabama would institute a comprehensive **medical marijuana** program under SB46 by Sen. Tim Melson (R—Florence).
- SB77 by Sen. Orr would substantially reform **state procurement**; the companion is HB171 by Rep. Garrett (R—Trussville).
- The **Open Meetings Act's** definitions of meeting and deliberation would be expanded subject to HB203 by Rep. Tim Wadsworth (R—Arley).
- Sen. Tom Whatley (R—Auburn) has introduced SB97 to alter the **powers of the state health officer and governor**.
- Lawmakers continue to demonstrate a strong interest in healthcare, and it is expected that legislation will be introduced early in the session to regulate **pharmaceutical benefit managers**, to restructure the **Medical Licensure Commission of Alabama** and the state **Board of Medical Examiners**, to restructure the **Alabama Department of Public Health**, placing it under the appointing authority of the Governor, and to finally address gaming in a comprehensive manner.
- The priority for the remainder of the session will be enacting FY 2022 state budgets. Legislators will receive revenue forecasts today, but budget chairs seem cautiously optimistic about revenue growth. Current FY 2021 appropriations are \$2.39 billion for the General Fund and \$7.22 billion in the Education Trust Fund Budget.

Beginning with week three of the session, the Legislature is expected to take a COVID-19 break for at least one week before resuming the remainder of the session.