Sine Die leaves several issues on the table

The Alabama State Legislature met for the final day of the 2011 regular session on Thursday, June 9 (30th day) and adjourned Sine Die until February 7, 2012. Several important bills died at midnight and may not have another shot until the 2012 regular session.

Among the most important bills left in the wake of the time restriction was the Limited Home Rule bill (HB650, sponsored by Representative Jack Williams (R-Vestavia)) championed by the Jefferson County Commission and supported by the Birmingham Business Alliance. Senator Scott Beason (R-Gardendale) invoked a procedural measure by placing a contest on the local bill removing it from an up or down vote of the full Senate the final two days of the legislative session.

HB650 authorized the County Commission to raise a maximum of $50M without a separate business license tax and $43M if the legislature passed a business license tax. Note: A separate business license tax bill (HB664) was passed on Thursday, June 2 providing the County an estimated $7M. A fair business license tax for Jefferson County was the BBA’s top state legislative priority. The Jefferson County Commission is now faced with a substantial general fund deficit and an estimated 1000 county employees will be laid off throughout the summer.

Two important economic development incentives bills were also left in jeopardy. The Data Processing Center incentives bill (HB485, sponsored by Representative Dan Williams (R-Decatur)) would allow a tiered level of tax abatements for data processing centers looking to locate or expand in the state of Alabama under certain requirements. This bill was very important to the Birmingham Business Alliance as at least two large projects were looking to invest substantial funds within our seven-county region should this legislation pass. The Jobs Creation and Retention Act of 2011 (HB487, sponsored by Representative Barry Mask (R-Wetumpka)) was also important to the BBA and a top priority for the Alabama Development Office. HB487 allowed qualified companies and educational institutions that invest in a new or expansion project to retain a certain percentage of state income taxes from full-time employees involved with the project.

HB427, also dubbed the Tax Payers’ Bill of Rights II, was sponsored by Representative Paul DeMarco (R-Homewood). This bill would create the Alabama Tax Appeals Commission and streamline certain burdensome services currently under the jurisdiction of the Department of Revenue. HB427 was expected to appear on a second special order calendar in the Senate on day 30, but was not able to receive a vote before midnight. This bill has long been supported by the Birmingham Business Alliance and its predecessor organization, the Birmingham Regional Chamber of Commerce. The BBA applauds Representative DeMarco’s efforts.

Congressional & School Board district lines approved

Both the Congressional and School Board redistricting plans were completed before Sine Die on Thursday, June 9 avoiding a Special Legislative Session this summer.

Governor Bentley signed the congressional redistricting plan into law on Wednesday, June 8. The seven newly-formed districts became effective upon the Governor signing this bill into law, however; incumbent representatives will still maintain their current districts. Montgomery is now split between districts 2, 3 and 7. St. Clair County was removed from the 6th district and Lowndes County was added to the 7th district. The 6th district now encompasses all of Coosa County.

The Senate and House of Representatives both approved the eight-district school board map minutes before midnight June 9. Senator Rodger Smitherman held up the process by asking that the bill be read in its entirety - lasting almost four hours. The map was approved by a 18-11 vote in the Senate and then returned to the House for a concurrence. The biggest changes to the current districts are in south and west Alabama.
**Key BBA Legislation passed this session**

**Local Bills**
- Jefferson County Business License Tax (HB664) – **TOP STATE LEGISLATIVE PRIORITY**  
  **Thank you Representative Jack Williams**

**Statewide Bills**
- ETF Rolling Reserve Budge Act (HB57) – **ACTION ITEM ON STATE AGENDA**  
  **Thank you Representative Greg Canfield**

- Forever Wild Reauthorization (SB369)
- Constitutional Right to Secret Ballot (HB64)
- Tort Reforms Bills
  - Statute of Repose (SB59)
  - Wrongful death, forum shopping (SB212)
  - "Daubert Standard" (SB187)
  - Product liability protection (SB184)
  - Flat rate on judgments based on contract (SB207)

- Film Incentives Amendment (SB255)
- Small Business Tax Deduction on Health Insurance (HB61)
- Full Employment Act/Income Tax incentives for companies with 50 or less employees (HB230)

**UPDATES FROM AROUND TOWN**

**JeffCo Commission decides fate of County**

The Jefferson County Commission’s Finance Committee met on the morning of Friday, June 10 to discuss the fate of Jefferson County. Commissioners painted a grim picture of the future due to the failed Limited Home Rule legislation that would have provided at least $43M in replacement revenue lost when the Supreme Court struck down the 2009 Jefferson County occupational tax and business license tax in March of this year.

“‘The course we are about to embark on is the path of no return,’” Commissioner Jimmie Stephens told staff. “‘This County will be changed forever.’”

Commissioner David Carrington and other Commissioners voiced their disappointment for Senator Scott Beason who contested the County’s Limited Home Rule bill ultimately killing it this legislative session. Commissioner Carrington told the committee, “The legislature did not speak. One Senator blocked the democratic process.” There was no discussion on whether or not the County would seek assistance during a possible Special Legislative Session.

$15.5M will be transferred over from the County’s reserves to keep the County functional throughout the summer. A series of layoffs are set to begin at the next pay period which begins on Saturday, June 18. It was unclear how many employees would be laid off during this time.

A summary of the new operating budget was distributed at the committee meeting that outlined $12,381,712.00 in immediate cuts. Among some of the largest cuts were $3M to the Sherriff’s budget, $4.1M to Roads and $2.1M to General Services. Cooper Green Mercy Hospital was not listed as a line item on the operational budget, but The Birmingham News reports several Commissioners saying that they will not vote to transfer additional funds to the hospital from the County’s General Fund at this time. Hospital officials say they cannot function on the Indigent Care Fund alone.

**BBA Governmental Affairs Committee met with JeffCo Sewer Receiver**

Jefferson County Sewer Receiver John Young met with the BBA’s Governmental Affairs Committee (GAC) on Monday, June 6 to lay out his projections for the fiscal future of the Jefferson County sewer system.

Young told the committee that the sewer department was in total disarray when his team came into the picture. “There was no business plan, no accountability, and inefficiencies at every level.” Young explained the three main issues at hand:

1. **Litigation** – current lawsuits and future lawsuits will play a major role in the restructuring outcome,
2. **Refinancing** the debt – Young believes it will take an act of the legislature to pass bills allowing his team to properly refinance the debt, and
3. **Current Market Risk** – Young needs the ’09, ’10, and ’11 audits of the sewer system complete before he can go to the capital markets early next year. He also noted that his biggest challenge has been local politics. Young stated that “the County Commission’s heart is in the right place, but they will be faced with some tough decisions very soon.”

On average, sewer revenues are decreasing 1 – 2 percent per year. The current system brings in $160M in revenue.
annually, but may only raise $135M sixty years from now. Therefore, Young believes new revenue is necessary to achieve solvency.

Young will issue a report to the federal court in mid-June with his recommendations. Young plans to “work in places where concessions should be made and where the sewer rates should be.” He stated that both parties (Jefferson County and the bond insurers) are guilty in this matter and it is only fair that both make some concessions at this point.

The GAC voiced strong concerns over Young’s plan set to be released in the coming weeks. Representative Paul DeMarco said that he believes Young does not have a vested interest in this community and will leave our children and grandchildren with a bigger problem than we are facing today. Others voiced similar concerns.

Young told the GAC that his report will include double-digit increases to the sewer rate over the next few years. A “low income program” will also be available to those who are under a certain income threshold. Although asked, Young did not reveal the actual proposed rate increase.

**Bachus, LaHood, Mendez tour tornado damaged areas, future I-22/I-65 interchange**

Congressman Spencer Bachus met with U.S. Dept. of Transportation Secretary Ray LaHood during a visit to Alabama on June 7 to tour storm damaged areas and the future I-22/I-65 interchange. Federal Highway Administration, Alabama Division Administrator Mark Bartlett also joined the group.

The ensemble was then joined by Congresswoman Terri Sewell for a press conference in Pratt City. Federal Highway Administrator Victor Mendez, ALDOT Director John Cooper, and Birmingham Mayor William Bell also participated in the press conference.

Completion of the I-22 interchange is an important initiative of the BBA. A timely completion makes way financially for the Northern Beltline project — the BBA’s top federal priority.

**GENERAL INFORMATION**

- The BBA’s Public Policy Newsletter will now convert to a monthly version as the state legislature has adjourned for the year. Should a special session commence, we will revert back to a weekly newsletter to keep our investors apprised of the latest events and the BBA’s involvement.
- We will be adding a section that highlights “UPDATES FROM CAPITOL HILL” in future issues. All federal information provided will only include updates that directly impact our seven-county region.
- We also would like to encourage our investors to submit information and pictures for consideration of inclusion in our Public Policy Newsletter. We welcome timely information at the local, state and federal level.

Thank you for your support of the Birmingham Business Alliance and we hope that this newsletter will continue to be a resource on all matters “public policy” for our region.