

Review of the 2015 Legislative Sessions

This has proven to be a busy and difficult year for the Alabama Legislature. The 2015 Regular Session of the Alabama Legislature came to an early close when the Senate adjourned sine die, leaving the House to concur with the budget changes made by the Senate and transmit the enrolled legislation to the Governor. Governor Bentley vetoed the General Fund budget.

Governor Bentley called the Legislature into its first special session on August 3rd to adopt an acceptable General Fund budget. No compromise was reached on how to resolve the budget shortfall during the First Special Session of 2015. Governor Bentley called the Legislature back to Montgomery on September 8 to again try and pass a suitable General Fund budget. At this writing, we are hopeful a budget will be passed before the October 1st fiscal year begins.

The 2015 Regular Session of the Alabama Legislature was a successful session for municipal governments. Five League proposals passed the Legislature or were incorporated into other bills that received the signature of Governor Bentley:

- **Alcohol Referendum Validation – Act No. 2015-01 by Rep. Jimmy Martin and Sen. Paul Sanford**
- **Mayor Vacancy Procedures – Act No. 2015-81 by Rep. Lynn Greer and Sen. Paul Sanford**
- **Municipal Election Revisions – Act No. 2015-216 by Rep. Jack Williams and Sen. Cam Ward**
- **TANF Payments – Act No. 2015-185 by Sen. Cam Ward**
- **Bid Law Amendments – Act No. 2015-293 by Rep. McMillan**

A sixth League proposal – to authorize the inclusion of matching funds for state wastewater and drinking water revolving loan programs – passed as part of the General Fund Budget, but failed when Governor Bentley vetoed the Budget. We sincerely thank Governor Bentley for signing and our legislative sponsors for carrying these legislative proposals on behalf of municipal officials.

This year 1210 bills were introduced in the Alabama Legislature – 701 in the House and 509 in the Senate. Of those introductions, 364 were passed by both bodies. The League staff identified approximately 820 bills of interest to municipal governments and were successful in opposing several proposals that would have capped, exempted or preempted municipal governments from imposing business licenses and/or sale taxes on certain segments of the business community. Much like National Championships in college football, while passing proactive legislative proposals that matter to our members is necessary, our defensive efforts to keep others from infringing on municipal operations seems to be where we spend the bulk of our political energy and how we gauge our ultimate successes.

This has been an extremely challenging session for the Legislature in finding new revenue sources to provide adequate funding for the State's General Fund budget. For municipal officials, one of the challenges this session was to convince the Legislature not to put the burden of fixing the general fund budget on the backs of local governments. Several proposals to raise additional revenues would have placed caps on local governments to raise future revenues from these affected businesses. Other proposals would have shifted the burden of paying the cost of State services to local governments and some would have granted segments of our business community exemptions of local licensing authority.

League Legislative Package

- **Validation of Alcohol Referendums** by Representative Jimmy Martin & Sen. Paul Sanford would ratify and confirm any election held pursuant to Section 28-2A-1 as amended by Act 2009-

546 in which the voters in a municipality with a population of 1,000 or more voted to allow for the sale, distribution, and consumption of alcoholic beverages within the municipality. **Act No. 2015-01**

- **Mayoral Vacancies in Certain Class 7 or 8 Municipalities** by Representative Lyn Greer & Sen. Sanford Section 11-44G-2, Code of Ala. 1975, provides a procedure to be used in Class 7 or 8 municipalities for filling a vacancy in the office of mayor. Another statute provides that the Council President in cities of 12,000 or more inhabitants shall automatically become mayor under the death or resignation of the mayor. Over the years, the population of some Class 7 or 8 municipalities has increased to 12,000 or more inhabitants. These cities are faced with conflicting statutes and have no guidance as to the procedures they should use to fill mayoral vacancies. This bill proposes to amend Section 11-44G-2 to allow the council president to fill the vacancy in Class 7 or 8 cities with populations of 12,000 or more inhabitants. **Act No. 2015-81**
- **Municipal Election Law Revisions** by Representative Jack Williams & Sen. Cam Ward would update areas of municipal election laws which need amending. **Act No. 2015-16**
- **Appropriation for Wastewater Treatment SRF and the Alabama Drinking Water Finance Authority (General Fund Budget)** by Representative Steve Clouse & Sen. Arthur Orr: Many years ago, the Alabama Legislature established a State Revolving Loan Fund for Wastewater Treatment (SRF) and the Alabama Drinking Water Finance Authority. The purpose of these programs was to take state funds and match them with federal dollars to create a loan fund to offer low interest loans to governmental entities for wastewater treatment and drinking water projects. Each year, the League seeks additional matching funds from the Legislature to continue these nationally recognized programs. **Governor Bentley Vetoed the General Fund Budget**
- **Employee Liability Protection** by Rep. Steve McMillan & Sen. Pittman would clarify the status of municipal employee liability protection under the tort laws of the State of Alabama to ensure that municipal employees are protected under the tort caps provided to local governments.
- **Pay Day Loan Reforms** by Sen. Arthur Orr would expand the licensure requirement for persons engaged in the business of deferred presentment services to include services offered by mail, telephone, Internet, mobile device application or in person.
- **Island Annexation Revisions** – Many of our municipalities have land entirely within their jurisdictional boundaries that has not been annexed into the municipality. These municipalities need a process in which they can annex these properties into their municipality. This proposed legislation would be a procedure that a municipality could utilize to annex the unincorporated property.

Bills of Interest to Municipalities that Passed

- **Remote Sales Tax Remittance** by Sen. Pittman establishes a voluntary remittance process for out of state retailers. The tax collected from consumers will be at an 8% rate. The distribution will be 4% to the State, 2% to municipalities and 2% to counties based on population. **Act No. 2015-448**
- **Open Meetings Act Revisions** by Sen. Ward prohibits serial meetings by local government bodies. **Act No. 2015-340**
- **One Spot Procedures for Lodging Tax** by Sen. Sanford allows local governments to receive lodging taxes by use of the One Spot program. **Act No. 2015-52**
- **Energy Reduction Act of Alabama** by Sen. Hightower authorizes local governments to provide non ad valorem tax funding bonds to finance energy reduction construction. **Act No. 2015-494**
- **General Contractor Regulations** by Sen. Marsh clarifies that the exemption that allows owners of property to improve their own property may not be altered or restricted by a municipal governing or regulatory body and repeals any conflicting municipal ordinance or regulation. **Act No. 2015-480**
- **School Choice and Student Opportunity Act** by Sen. Marsh creates the Alabama Public Charter School Commission to authorize charter schools. **Act No. 2015-3**

- **Accountability Act of 2013** by Sen. Marsh expands the tax credits and clarifies intent of educational choice. **Act No. 2015-434**
- **Corrections Reforms** by Sen. Ward reforms criminal penalties and creates community corrections programs. **Act No. 2015-185**
- **Eminent Domain Revisions** by Sen. Holley prohibits using eminent domain in order for acquiring mortgages or deeds of trust. **Act No. 2015-39**
- **Transportation Infrastructure Bank** by Sen. Orr establishes memberships, powers and duties, sources of capitalization for issuance of bonds, loans and financial assistance for qualified projects. **Act No. 2015-50**
- **Motor Fuel Taxation** by Sen. Whatley revises and clarifies the collection and distribution of motor fuel taxes. **Act No. 2015-54**
- **Highway Authority** by Sen. Singleton allows municipalities and public corporations to enter into funding agreements for road, bridges and tunnel construction. **Act No. 2015-212**
- **Firefighter Death Benefits** by Rep. Treadaway authorizes families to receive death benefits of firefighter the same as if the firefighter died in line of duty. **Act No. 2015-257**
- **Alabama Jobs Act for Economic Development** by Rep. Baker authorizes job credits and investment credit for approved projects against utility taxes, income taxes and insurance premium taxes. **Act No. 2015-27**
- **Alabama Reinvestment and Abatements Act for Economic Development** by Rep. Lee allows abatement of non-educational ad valorem taxes and sales and use taxes for a period of 20 years for qualified projects. **Act No. 2015-24**
- **Alabama Veterans & Targeted Counties Act for Economic Development** by Rep. Beech allows for a 4% jobs credit for qualified projects in targeted rural counties and an additional .5% jobs credit for hiring of veterans. **Act No. 2015-41**
- **One Call Notification** by Rep. Greer expands the definition of public rights of ways for purpose of notification. **Act No. 2015-363**
- **Municipal Alcohol Options** by Rep. Martin authorizes a municipality with a population of 500 or more to conduct procedures for a petition and referendum for the sale of alcohol. **Act No. 2015-2**
- **Traffic Offenses** by Rep. Pettus allows law enforcement to issue citations at the scene of an accident for traffic offenses under certain circumstances. **HB80. Not signed by the Gov.**
- **Police Jurisdiction Revisions** by Rep. Johnson revises the notification, enforcement of new police jurisdictions until January 1 of the following calendar year. **Act No. 2015-361**
- **Medicaid Regional Care Organizations** by Rep. Weaver provides exemption from local taxes, licenses, fees and other charges for Medicaid regional care organizations. **Act No. 2015-349**
- **Bid Law Revisions** by Rep. McMillan allows for a local bid preference of five percent for both goods and services and a preference for in-state bidders of 10%. **Act No. 2015-293**

Bills of Interest to Municipalities that Passed in the First Special Session

- **Sales Tax Transactions** by Rep. McMillan prohibits the use of or possession of automated sales suppression devices or phantom-ware to delete sales from cash register records and establishes criminal penalties. **Act No. 2015-502.**
- **Sales Tax Exemption Eliminated** by Rep. Johnson (K), eliminates the sales tax exemption for certain motor vehicles exported or removed from Alabama. **Act No. 2015-503.**
- **Police jurisdiction Study Commission** by Rep. Johnson (R), creates a Joint Interim Committee to Study Municipal Police Jurisdiction Laws. **Act No. 2015-510.**
- **Alabama Open Meetings Act Amendment** by Sen. Orr allows members of governmental bodies composed of members from two or more counties to participate in meetings and deliberation electronically under certain circumstances. **Act No. 2015-526.**
- **Tax Taxation Exemption Certification** by Sen. Pittman requires anyone exempt from sales and lodging taxes, other than governmental entities, to obtain an annual certificate of exemption from

the Alabama Department of Revenue. **Act No. 2015-534.**

Bills of Interest to Municipalities that Failed

- **Municipal Business License Exemptions by Rep. Ron Johnson** would specify that for purposes of the municipal or county business licenses, a qualified home health care or hospice agency or a qualified provider of durable medical equipment, prosthetics, orthotics or health care supplies would only be required to purchase a municipal or county business license for its headquarters or any branch office that it maintains within the state. In addition, a health care employee or other agent or representative of a qualified home health care or hospice agency or a qualified provider of durable medical equipment, prosthetics, orthotics or health care supplies would not be required to purchase a business license from a municipality or county or its agent, including a private auditing firm, merely because the person visits a patient whose residence, or the health care facility in which they are being treated, is located within that municipality or county or furnishes equipment or health care supplies within the municipality or county.
- **Sale of Properties due to Unpaid Taxes by Sen. Pittman** would cap the interest rate at 7.5% awarded against redeemers that wish to repurchase their property after a tax sale. The Legislative Fiscal Office report sites that “this cap could reduce the number of county tax sales by making tax lien purchases less attractive due to the reduction in the amount of interest that must be paid by the redeeming land in certain tax sale cases”. One estimate has SB362 reducing the tax interest collected by \$200 million annually. These are funds that are distributed to the state, counties, municipalities and local school boards.
- **Fire House Diesel Exhaust Systems by Rep. Hanes** would require a diesel exhaust system be installed in the fire station building within a certain time frame and under certain conditions; and in connection therewith would have as its purpose or effect the requirement of a new or increased expenditure of local funds.
- **Privilege or License Tax on Transportation Contractors by Sen. Pittman** would remove the exemption of gross receipts from contracts made by the contractor with a county, incorporated city, or town from the tax levied on contractors’ gross receipts and provide further for the distribution of the proceeds from the tax levied on contractors’ gross receipts. This would add a 5% gross receipts tax to all municipal road maintenance contracts.
- **Motor Vehicle Sales Tax by Rep. Clouse** would increase the State sales tax on automobile sales by 1% and cap local government sales tax rates at current rates.