

# STATE HOUSE ADVOCATE



## THIS WEEK IN LEAGUE ADVOCACY

The State House Advocate is a service of the Alabama League of Municipalities

June 16, 2023

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### Legislative Overview

Throughout the 2023 Legislative Session, the ALM Advocacy Team worked diligently to ensure the voice of municipal government was heard loud and clear at the Alabama State House. We appreciate the lawmakers, state leaders and our membership for collaborating with ALM this session to strengthen municipal government.

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### Budgets

Last week, the Alabama Legislature adjourned sine die from the 2023 Regular Session. Both budgets, the Education Trust Fund and the General Fund, were signed by Governor Kay Ivey. The governor has signed the \$3 billion General Fund budget and \$207.6 General Fund supplemental budget, which is the largest in the state's history. The General Fund and General Fund supplemental budget includes a 2% pay raise for state employees, funding increases for most state agencies, \$50 million to a savings account and \$40 million to pay off state bonds.

The governor has signed both the \$8.8 billion Education Trust Fund budget and the \$2.8 Education Trust Fund supplemental budget. See below for highlights of what the bills contain:

- \$393 million for one-time rebates with \$150 for individuals or \$300 for couples
- \$181.6 million and \$4.1 million for First Class Pre-K Program
- a 2% pay raise for teachers
- \$179 million to the Alabama K-12 Capital Grant Program administered by Lt. Governor Will Ainsworth

In other news, shortly after Governor Ivey's state of the state address, lawmakers were called into a special session to appropriate the remaining \$1.1 billion from the American Rescue Plan (ARPA). Lawmakers approved a plan to spend the remaining ARPA funds, which includes:

- \$339 million for health care
- \$260 million for broadband
- \$400 million for water and sewer projects:
  - Up to \$195 million for high-need projects
  - Up to \$100 million that includes wastewater and must include a factor for needs of growing communities
  - Up to \$100 million that includes wastewater, includes a factor for needs of growing communities and requires at least a 35% match
  - Up to \$5 million for septic systems in the Black Belt
- \$55 million for negative economic impacts of the public health emergency
- \$5 million to reimburse the Alabama Department of Labor
- \$1 million to reimburse administration, auditing and reporting requirements

As opportunities become available for municipalities to collaborate with state agencies to maximize their funds for the purposes of municipal use, the League's Advocacy Team will update its membership.

During the special session, lawmakers also passed legislation that will pay off the remaining debt of nearly \$60 million owed to the Alabama Trust Fund (ATF). The funding used to pay off the ATF is from the state's General Fund, not the ARPA funding. This has been signed by Governor Ivey.

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## League Supported Legislation That Passed

**HB48 by Rep. Jim Hill** validates and ratifies any annexations prior to the effective date of the act. **This was League supported legislation, and we appreciate the bill's sponsors, Rep. Jim Hill and Sen. Jabo Waggoner, as well as our members' engagement to pass this legislation. HB48 was signed by the governor. To review ACT 2023-335, click [here](#).**

**HB168 introduced by Rep. Kerry Underwood and carried in the Senate by Sen. Sam Givhan** increases the public works bid threshold from \$50,000 to \$100,000. The bill also updates some of the notice and publication procedures and requirements. **HB168 was signed by the governor. This was League supported legislation, and we appreciate the bill sponsors, Rep. Kerry Underwood and Sen. Sam Givhan, as well as our members' engagement to pass this legislation. To review ACT 2023-497, click [here](#).**

**“The Game Plan” (SB165, SB151, HB241 and HB247)** focuses on economic development issues such as incentives, site development, small business support and transparency. The legislative package broadens and expands existing incentives, provides money to develop sites and updates reporting requirements for incentives. **This was League supported legislation, and we appreciate the sponsor of the bills, Sen. Arthur Orr, Sen. Garland Gudger, Rep. Danny Garrett and Rep. Anthony Daniels.** **“The Game Plan” legislative package was signed by the governor. To the read the governor’s comments, click [here](#).**

**SB10 by Sen. Coleman-Madison** increases the competitive bid law contract threshold to \$30,000 and raises the threshold amount for repair parts and repair of heavy duty off-highway construction equipment to \$40,000. Additionally, the Legislative Council can adjust the threshold every three years based on the Consumer Price Index. **The bill was signed by the governor. To review ACT 2023-135, click [here](#).**

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## **League Opposed Legislation That Failed to Pass**

**SB65 by Sen. Andrew Jones (occupational tax) passed out the Senate County and Municipal Government Committee with an amendment and substitute bill during the first week of the legislative session; however, this legislation did not receive final passage this legislative session.** The League applauds Senators Linda Coleman-Madison, Kirk Hatcher, Merika Coleman and Josh Carnley for voting against the bill in committee. Senators Chris Elliott, Clyde Chambliss, Garlan Gudger, Greg Albritton, Keith Kelley and Jay Hovey voted in favor of the bill; however, Sen. Chambliss introduced an amendment that would have delayed the bill from taking place until debts tied to the occupational licensing tax have been paid off. Additionally, Sen. Hovey introduced a substitute that removed most of the language that prevents a municipality from collecting occupational license taxes in annexed areas.

SB65, if passed, would have incrementally reduced any occupational tax levied by a municipality greater than 1% based on an annual reduction in the percent of the tax until the tax would be 1%. SB65 would provide that any business license tax by a municipality would not apply in the police jurisdiction. Additionally, it would provide a referendum under certain conditions in any county in which two or more municipalities levied an occupational license tax greater than 1% on January 1, 2023, and would have prohibited any municipality from levying a new occupational license tax or increasing any existing occupational license tax. **ALM opposed this legislation, and we appreciate our membership reaching out to their delegation to ask that they continue to allow local governments to manage local resources how they best see fit in an effort to address local needs.**

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## **Other Legislation That League Advocacy Team Engaged On**

**HB479 by Rep. Danny Garrett and carried in the Senate by Sen. Andrew Jones** begins reducing the state sales and use tax on food immediately, with future rate reductions contingent upon certain growth requirements in the Education Trust Fund until the rate is 2%. The bills define food as items on the Special Supplemental Nutrition Assistance Program (SNAP).

The advocacy team worked with Lt. Governor Will Ainsworth and Sen. Andrew Jones to protect an amendment added in the House, which gives municipalities flexibility. This legislation fixes local sales tax on food **immediately after the bill was signed by the governor** and prevents any future increases in sales tax on food above your municipality's current general sales tax rate. When the bill was debated in the House, Rep. Ron Bolton tried to add an amendment that would allow municipalities to raise the rate on groceries with a rise in the municipalities sales tax rate. Unfortunately, the amendment was tabled. Additionally, as enrolled, HB479 allows a municipality to lower its tax rate on food by 25% in any year in which the growth of the municipalities general fund exceeds 2% over the prior year. Be sure to call and thank your legislative members for working with the League to preserve municipal authority. **The bill was signed by the governor. To review ACT 2023-554, review [here](#).**

**HB254 by Rep. Steve Clouse** as introduced, required revenue from local motor fuels tax to only be used for road and bridge construction and maintenance and allowed for those funds to pay for existing debt for up to five years. A substitute bill was adopted in committee, with League recommended language, which requires motor fuel taxes implemented after the effective date of the act to be used in the same manner as the state's motor fuel revenue. The Senate further amended the bill to allow for that revenue to be used for mass transit. **The bill was signed by the governor. To review ACT 2023-288, click [here](#).**

**SB196 by Sen. Arthur Orr amends public records laws to provide for specific response times for public entities responding to public records requests.** SB196 passed out of the House Ethics and Campaign Finance Committee with a substitute. The substitute included language to make it clear that records custodians are not obligated to respond to requests that are ambiguous, overly broad or unreasonable in scope. **This legislation did not receive final passage this session.**

**HB217 by Rep. Anthony Daniels** excludes hours worked above 40 in any given week from gross income beginning after December 31, 2023. The governor sent the bill back to the Legislature with an executive amendment removing the \$25 million cap and shortened the sunset date to June 30, 2025. Both houses of the Legislature concurred with the amendments and the governor signed the bill. **To review ACT 2023-421, click [here](#).**

**SB169 by Sen. Gerald Allen** passed out of the House Committee on County and Municipal Government after being amended. The amendments limited the bill to only allow businesses to deduct motor fuels from gross receipts for the purpose of calculating business licenses and placed an effective date of January 2025. **This legislation did not receive final passage this session.**

**HB323, as substituted, by Rep. Phillip Pettus** would require certain benefits be provided to first responders who suffer from work-related PTSD, including reimbursement for certain out-of-pocket treatment expenses and paid time off for employed first responders for

treatment. It would provide eligibility requirements for participants to receive the benefits. **The League has worked with stakeholders on a PTSD bill in several different forms over the last three years. As substituted, we supported HB323. Despite making it through a senate committee, the bill never received a final vote in the Senate. The League will continue working to make sure this type of legislation has the least impact on municipalities including caps, limitations and cost. To review HB323, as substituted, click [here](#).**

**SB159 introduced by Sen. Clay Scofield and carried in the House by Rep. David Faulkner**, as introduced, provided that a road builder contractor shall be immune from civil liability to any person for any personal injury, property damage or death caused by or related to the work performed, provided that the contractor performs the work in substantial compliance with the contract specifications, and the awarding authority accepts the project for maintenance upon completion. **After many hours of negotiations, a substitute bill was developed that clarified the circumstances in which a road builder contractor could be liable for injuries to the motoring public. In its substituted form and as it was signed by the governor, the League has removed its opposition to the legislation. The bill was signed by the governor. To review ACT 2023-316, click [here](#).**

**HB351 by Rep. Tracy Estes and cosponsored by Rep. Clouse, Rep. Lee and Rep. Wood (D)** would delay the starting point for municipalities to begin reporting the collection of certain monies outside of their corporate limits and inside their police jurisdiction by 12 months. **The League's advocacy team encountered opposition from special interest groups and certain legislators. To review HB351, click [here](#). Sen. Bobby Singleton filed the companion bill, SB282. To review, click [here](#). Neither bill made it on to committee calendars.**

**SB33 by Sen. Steve Livingston and sponsored by Rep. Debbie Wood in the House**, provides that municipalities may not set speed limits on county-maintained streets within its corporate limits. It also makes nonsubstantive, technical revisions to update the existing code language to current style. **The bill was signed by the governor. To review ACT 2023-130, click [here](#).**

**SB147 by Sen. David Sessions** - under existing law, a person is guilty of permitting livestock or animals to run at large in the state upon the premises of another or public lands if they do so knowingly, voluntarily, negligently or willfully. The bill provides that no municipal governing body may adopt or continue in effect any ordinance, rule, resolution or directive that prohibits this same conduct but does not require the same mental state as state law. **The bill was signed by the governor. To review ACT 2023-42, review [here](#).**

**SB40 by Sen. Chris Elliot** provides that a municipal or county governing body, or any agency thereof, may not directly or indirectly adopt or enforce any ordinance, rule, bylaw, order, or local building code provision that would require, in the construction of a residential structure, certain latent features, including wiring, plumbing, gas tubing or framing, which features would not be operational at the time of completion. **The bill was signed by the governor. To review ACT 2023-74, click [here](#).**

**SB134 by Sen. Gerald Allen** would provide that any reservoir used in the collection or storage of water is part of a water system. The bill was carried over in committee and did not receive a vote in the senate committee. **To review SB134, click [here](#).**

**HB10 by Rep. Jim Hill** would allow municipalities to use census tracts to make the required description in the ordinance in order to redraw districts, and it would apply retroactively to validate districts and wards already redrawn using census tracts. Additionally, it would make nonsubstantive changes by eliminating duplicative language and updating antiquated language and terminology. **HB10 passed out of the house committee but did not receive a vote on the House floor. The League supports this legislation and looks forward to working with the sponsor next year. To review, click [here](#).**

**HB253 by Rep. Adline Clarke** makes changes to the historic tax credits including the age restriction to qualify, tying the credits to the year in which the reservation is allocated and membership of the Historic Tax Credit Evaluation Committee. Additionally, the bill increases the rehabilitation credit allocation. **The bill was signed by the governor. To review ACT 2023-522, click [here](#).**

**For a complete list of bills the League tracked during the Regular Session, click [here](#).**

***\*To view a previous State House Advocate, visit the League's website [here](#).***

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## Engagement Opportunities with ALM

# 2023 CMO Regional Training

## Strengthen Your Core: Fundamentals of Municipal Government

The League's Legal Team will lead five one-day training events around the state on fundamental topics in municipal government

[Click HERE for more information](#)



Join other elected officials and municipal personnel for the 2023 CMO Regional Trainings. This year, the League's Legal Team will lead five one-day trainings on fundamental topics in municipal government, a legislative update and additional presentations.

**To view the agenda and to register for one of the three remaining dates/locations offered around the state, please click [here](#). The next one is **June 22** in Dothan.**



# The League recognizes our Strategic Partners, Community Partners and League Programs



ALM offers several partnership levels designed specifically for organizations and companies that share the same mission and vision as the Alabama League of Municipalities.

Strategic partnerships with ALM provide unique and intentional collaboration opportunities to foster vibrant communities where businesses want to invest and where citizens want to live, work, play and prosper. Based on the investment from your company/organization, you will have access to several event opportunities as well as inclusion in all printed materials as it relates to sponsored meetings and conferences.

You will also be listed on ALM's website as a valued strategic partner.

For more information on how to become a strategic partner, click [here](#).

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**GRASSROOTS ADVOCACY LINKS**

- [League Legislative Page](#)
- [Grassroots Advocacy](#)
- [ALISON - State Legislature Website](#)
- [Governor's Office](#)
- [Contacts for the Alabama House of Representatives](#)
- [Contacts for the Alabama Senate](#)

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