

# WINDOM GALLIHER

## MONTGOMERY UPDATE

FEBRUARY 2015

### Final Jeopardy? Governor Bentley asks Legislature a \$700 million tax question

The temperatures dropped precipitously in the past week, bringing icy conditions to Alabama and making many wonder when they had collectively moved to Massachusetts.

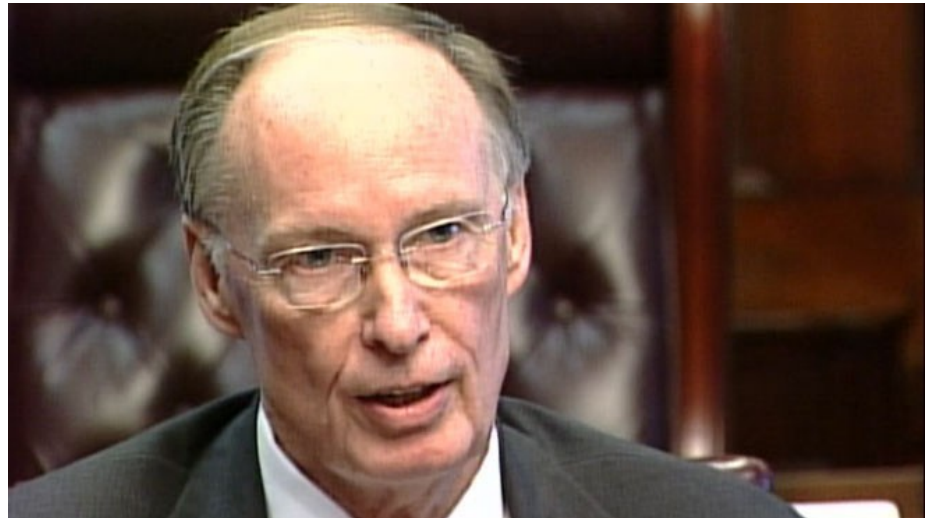
That's what happened in the room when Governor Robert Bentley told House Republicans that he intended to send over to the Legislature a \$700 million dollar tax increase program for its consideration.

Oh, and it's really cold outside, too.

There is little doubt that a large gap exists in the General Fund for the upcoming budget year. Piled on top of that are needs for Medicaid, as well as for the state's prison system that is stretched to the snapping point with federal intervention a near certainty.

After that private meeting, Governor Bentley hasn't changed his tune publicly.

"I want to do it right for the first time in 60 years," the Governor said at a public event. "I was not elected Governor to be a caretaker Governor. I was not elected Governor to not be bold ... I don't sugar-



**A GIANT HOLE IN THE STATE'S GENERAL FUND CAUSES GOV. ROBERT BENTLEY TO RETHINK NO-NEW-TAXES STANCE**

coat it, and I'm not going to sugarcoat this. We need the money."

Governor Bentley let it be known in not so uncertain terms that he expects legislative support. Translated, he'll keep a list and check it twice – legislators who are naughty shouldn't expect projects in

their areas.

The early legislative returns weren't kind –one unnamed legislator called what he deemed as a threat as "Siegelman-like." The rhetoric hasn't lowered much, if at all.

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### AEA takes steps to oust Mabry as Executive Secretary

In the wee hours of Saturday morning in a meeting that started the evening prior, the board of the Alabama Education Association voted to oust embattled Executive Secretary Henry Mabry.

Dr. Mabry, who is under contract, was given a letter that set in motion the steps to remove him from his office. His response later Saturday left it clear that he will be leaving and that his three-year

reign as the late Paul Hubbert's successor is over.

The move to oust Dr. Mabry came after a pair of audits of AEA's operations were issued to the board and to AEA's parent organization, the National Education Association. The rumor is that NEA sent representatives to Montgomery to attempt to cajole Dr. Mabry to resign. He declined, and the board met for hours

reviewing the audits and deciding what to do. Dr. Mabry survived a similar vote in September after Dr. Hubbert, just weeks prior to his death, sent a letter to the AEA board calling the organization's finances and operations in question, and asking the board to select new leadership before the organization tumbled into complete disarray.

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## Charter, virtual schools, jobs to top legislative agendas

As the final eight days tick away prior to the 2015 legislative session, there will be more turning over of cards in terms of what Governor Bentley and the two chambers of the Legislature have in mind.

Clearly, the Governor turned over a huge card with the announcement of his intention to get the biggest bucket possible to fill the General Fund gap. He'll have other things on his mind as well.

At the top of that list is job creation and workforce development. At this point, it appears the administration will have a package of bills – perhaps as few as five and as many as eight – that intend to help poke the coals and keep the fire of job creation alive in Alabama. It also intends to make sure that when incentives are given that the benefitting companies hold up their end of the deal and create the number of jobs promised.

Legislative leadership has tipped its hand to the extent that it may embrace some but not all of the Governor's ideas. It will be an interesting dynamic to watch in the context of the Governor's tax program – how will incentives that relieve or abate taxes on certain companies be received when the Governor is pushing taxes on the other end?

From the legislative side of the equation, you can expect a push for charter and virtual schools. The steps toward changing the state's public education dynamic began with tenure reform sev-



### SENATE PRESIDENT PRO TEM DEL MARSH IS CHARTER SCHOOLS' NO. 1 ADVOCATE

eral years ago and with the Accountability Act two years ago.

While the Republican legislative leadership is touting the success of the Accountability Act – the program that allows students in failing schools to receive scholarships to allow them to attend public or private schools of their choice – the next step of charter schools is no shock to neither proponent nor foe. Charter schools approach education more like a private school with limited strings attached to the governance – teacher tenure is non-existent, and other regulatory requirements are eased or outright eliminated.

It is expected that charter and virtual schools legislation will be coming quickly as both Senate President Pro Tem Del Marsh (R-Anniston) and House Speaker Mike Hubbard (R-Auburn) are both highly interested in the issue.

No one expects the AEA to be in favor of the legislation, but how hard and to what extent it is able to fight against the bill(s) remains to be seen after the ouster of Henry Mabry.

## Lathan elected Republican Party state chairperson

So often, elections can be about the lesser of two evils. For Alabama Republicans, the choice of state party chair is quite the opposite. It was the rare choice between two outstanding candidates.

Theodore businesswoman Terry Lathan defeated recently retired state Rep. Mary Sue McClurkin of Indian Springs in Saturday's election to succeed longtime chair Bill Armistead.

Lathan won by a comfortable margin Saturday at the meeting of the GOP Executive Committee.



**NEW ALABAMA GOP CHAIR TERRY LATHAN**

Both women have strong Republican bona fides and have toiled long for the party in effective ways – Terry as a grassroots activist, and Mary Sue as a rock-solid conservative legislator.

Thankfully, the race avoided the sharp elbows and public sniping of races in past years, but I'm not surprised given the character and demeanor of the two candidates.

The term of chairman is for two years. Undoubtedly, Terry Lathan has the energy and savvy to do the job and do it quite well.

## AEA

(from Page 1)

Dr. Hubbert feared that AEA's aggressively contentious posture with the Republican supermajority in the Legislature was doing more harm than good for teachers' interests, and that borrowing millions of dollars to finance campaigns to try to oust dozens of members of the Legislature would be in vain and could

leave the organization on the verge of financial ruin.

Undoubtedly, the political effort was a virtual waste. There were a handful of victories in House races, but they won't be enough to stifle the leadership's agenda efforts. The efforts to affect the Senate were a giant whiff.

From the beginning of the GOP supermajority in 2010, Dr. Mabry was advised by friend and foe alike that AEA would have to evolve and make friends – that

serving as the de facto Democrat Party would lead to doom. He chose war over peace and lost badly. There are those in the AEA that want to continue that fight. It would be a lesson not learned if it does not adapt.

If AEA doesn't select a Republican to run the organization, it better find someone who can work with them.

Otherwise, AEA won't be listening to the man who told them the right course and spent 40 years building their power.

## Taxes

(from Page 1)

It didn't take long for anti-tax legislators and commentators to start piling on the Governor's new groove, posting screenshots of the "no new taxes" banner on his website and Facebook page. One blogger has turned increasingly aggressive toward the Governor, casting the black-hat-in-the-cowboy-movie role upon Chief of Staff Seth Hammett, who is a Democrat and former Speaker of the House. Some have been even harsher, accusing the Governor of misleading voters.

The State Republican Executive Committee offered the Governor no cover this weekend, adopting a resolution to reject the bid to raise taxes.

Progressives, though, have been cheering from the sidelines. Columnists from al.com that have pulverized the Governor in the past are now his most ardent sup-

porters just as they were of former Governor Bob Riley, whom they called Alabama's first "Hero Governor" when he tried to pass Amendment One during his first term. The people butchered the plan at the polls. That memory strongly hints why Governor Bentley has little interest in a program that would require a vote of the people. He wants the Legislature to be the final decision maker.

There is difficulty in believing that people were surprised that the Governor would send over a tax increase since the gap in the General Fund was common knowledge.

There has been a debate all along regarding the gap – whether it was \$250-350 million or up to the full \$700 million that the Governor seemed locked in on from the start.

It's hard to imagine that a newly elected and re-elected Republican supermajority that ran on a "no new taxes" platform to be willing to jump on a \$700 million tax increase train. Some increases are almost impossible to avoid. So said one of the Legislature's top conservatives, Sen.

Trip Pittman (R-Montrose). He told al.com that it would take some combination of new revenue and further cuts to balance the budget.

Regardless of your position on the idea, you have to concede the Governor is being quite bold. His plan doesn't include what at least some consider "lower-hanging fruit," such as a state lottery or even entering into a tribal compact with the Poarch Creek.

Governor Bentley says he will not speak specifically about what taxes he intends to increase until the State of the State address next week, but here is what is known. He wants to replace the \$250 million that was shifted from the Education Trust Fund (\$187 million) and the gasoline tax money (\$63 million) that would normally be available for roads and bridges.

The program would also get Alabama on a more aggressive repayment plan of \$437 million owed back to the Alabama Trust Fund that was borrowed in a vote of the people in 2012. The full balance must be repaid by 2026.

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**Note:** The Windom Galliher Montgomery Update will publish weekly during the Legislative Session.