

# SPECIAL

# WINDOM GALLIHER MONTGOMERY UPDATE

SEPTEMBER 11, 2015

## House generates \$103 million of new revenue

### Action moves upstairs as Senate receives new GF budget

*"When you come to the fork in the road, take it." – Yogi Berra*

Special Session II, like its father Special Session I and its grandfather Regular Session, has had its twists and turns. Even so, on just about every road somewhere along the way, there is a crossroad. In the preceding sessions, there have been crossroad moments when it was time for big decisions to be made only to have someone slam the brakes.

This time, even with trepidation, we're starting to see the Legislature drive through some of those crossroads.

It started Thursday when the House of Representatives passed a series of revenue-raising measures – the largest of which was a \$66 million increase in the cigarette tax. Rep. Connie Rowe (R-Jasper), a freshman who had passed a couple of bills in the regular session, had never been in a situation quite like this before with a highly controversial bill. You wouldn't have known it. Gallery chatter said Rep. Rowe's hostage negotiation training as Jasper's police chief served her well. She never got rattled, never stopped being polite and handled questions easily until the House voted 52-46 to send the bill to the Senate.

The House also passed matching \$8 million provider taxes on pharmacies and nursing homes, as well as an increased automobile rental tax. Before the day was done, about \$103 million in new revenue measures were sent to the Senate.

The primary tax loss of the day was a \$22 million measure to realign the state's business privilege tax. Alfa, the



**HOUSE GENERAL FUND BUDGET CHAIR REP. STEVE CLOUSE PLAYS THE CARDS HE'S DEALT, AUTHORIZING A \$1.76 BILLION GENERAL FUND BUDGET THAT COLLEAGUES APPROVE ON 59-37 VOTE**

state farming lobby/insurance company, took the blame for killing the bill. It angered Speaker of the House Mike Hubbard (R-Auburn) and Senate President Pro Tem Del Marsh (R-Anniston) so much that they had members introduce bills to repeal insurance premium tax credits that Alfa and other insurers have. Senate Democrats, who had been voting against revenue measures, took a timeout from their strategy to help pass the bill out of a Senate committee, taking an opportunity to gain a pound of flesh from their old foe.

Once the business privilege tax was off the table, House General Fund budget chair Rep. Steve Clouse (R-Ozark) was forced to rewrite the budget yet again – this time, without the \$22 million anticipated from the business privilege tax.

Rep. Clouse's latest version level-funded Medicaid and added \$50 million dollars for the regional care organizations. It also provided \$4 million extra for Corrections and \$12 million additional for Pardons & Paroles to meet the requirements of the regular session prison reform legislation. Top-tier agencies such

as Mental Health, Public Health, Human Resources, trial courts, the appellate courts and the district attorneys were cut 2.5 percent. All other agencies were cut just shy of 10 percent.

"This is where we are," Rep. Clouse said on the floor, regarding the \$1.76 billion General Fund.

The House wrapped up its work Friday, voting 59-37 to send the reconfigured budget to the Senate.

Even as the House took several difficult votes Thursday on narrow margins – including one 50-49 vote on a bill to increase the fee to obtain a title for automobiles – the lack of appetite to raise taxes in the Senate remained in place.

Sen. Marsh, though, had one of his best days Friday. After a particularly difficult Thursday, he gathered his troops together and urged them to "get a good meal, sleep and pray" on where the session would go from there. His ask Friday was for the Senate to pass the House tax bills out of committee with no commitment

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## Budget

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for votes on the floor. Both chambers found themselves stuck at the end of the regular session and special session with bills still in committee and ineligible for passage. Senate General Fund budget chair Sen. Arthur Orr (R-Decatur) said the bills would be “heavily amended” if passed at all and this was being done to keep conversations going. Sen. Marsh lobbied hard to get the bills through.

When they all passed, he shook each member’s hand in thanks.

By 3 p.m. Friday, the work for the week was done, and legislators hit the highways to get some rest. On Monday, it remains to be seen whether the Senate will accede to some revenue bills, or will it cobble together a different plan – use tax transfer and reaching into the education Rolling Reserve fund? – to fund the Clouse budget.

Either way, it appears that we are moving toward a Wednesday finish with a budget very close to the product passed

by the House today.

How close it will be to the House passed budget will depend on the Senate’s appetite for revenue when Monday arrives.

It also remains to be seen how Governor Robert Bentley – who was near silent this week – will react to the budget. Will he sign or veto? He could even sign the budget, and call the Legislature back for a third special session to find even more revenue.

Put simply, there are a few more cross-roads to meet until this is over.

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## We remember ...

*Each of us remembers where we were when the tragic news began to filter in on the morning of September 11, 2001. Our nation was rocked that morning, but even as the Towers fell and Pentagon was pierced, our resolve held firm. The American Spirit – embodied best by the men and women of Flight 93 – endured as we leaned upon each other and upon our faith.*

*We didn’t want this day to pass without pausing a moment to acknowledge the horrible loss, the incredible heroism, and the surpassing strength that so many showed that day and in the days that followed.*

*Time has away of healing wounds, but it often causes us to lose sight of days gone by. May we never lose sight of the souls we lost, the heroes we discovered, and the strength we displayed by standing together as Americans.*

*God bless America.*

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## WINDOM, GALLIHER & ASSOCIATES

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**Note:** The Windom Galliher Montgomery Update publishes weekly during legislative sessions and otherwise as events warrant.