

# **SPECIAL**

## **WINDOM GALLIHER MONTGOMERY UPDATE**

AUGUST 7, 2015

### **Second special session all but certainty after no deal is crafted to fill hole in General Fund budget**

Ultimately, the time was too short and the distance too great for the Alabama Legislature to reach a deal to beef up the FY2016 General Fund budget.

Both the Senate and the House of Representatives adjourned until Monday, which means the likely outcome is that sometime that afternoon the Senate will pass a General Fund budget that mirrors the one passed at the end of the regular session. Shortly thereafter, the House will concur and send it to Gov. Robert Bentley.

After the Legislature leaves town, he'll assuredly veto the budget and we'll move closer to October 1 without a budget for the state's non-education agencies, boards and commissions.

That would require a second Special Session. It most likely would be held shortly after Labor Day, but Gov. Bentley has shown the propensity to reverse field on certain decisions. In theory, he could call the Legislature back immediately.

Leadership worked through several scenarios Friday to try to avoid a second Special Session. A lot of talk centered on removing the state income tax exemption on FICA. However, the bill introduced by Rep. Paul Beckman (R-Prattville) never made it out of committee, and no other vehicle was in position to make it through the Legislature in two days after Friday.

The Senate's decision early in the day to adjourn until Monday basically closed every possible door for any revenue-raising bills. The FICA bill would have raised money for the Education Trust Fund, which would have been the backfill for the transfer of the state use tax to the General Fund.

In a second Special Session, that arrangement certainly will gain discussion



**SPEAKER OF THE HOUSE MIKE HUBBARD (R-AUBURN) TRIED UNTIL MID-AFTERNOON TO WORK A DEAL TO RAISE SOME MONEY FOR THE GENERAL FUND**

as a possible strategy. Others will push for Senate Pro Tem Del Marsh's (R-Anniston) omnibus gambling bill.

The Senate tipped its hand in a couple of ways Friday. The Senate General Fund budget committee showed absolutely no appetite for following along with the House's budget that cut \$156 million from Medicaid. It was an absolute non-starter.

The committee also shelved a bill to un earmark \$508 million in fees collected by and dedicated to specific agencies. The members began to hear not only from the agencies, but also the industries they regulate. The bill that arrived to the Senate was changed significantly in the House after its introduction, and the uncertainty sank its chances. Also, members that aren't ready to unify the budgets were not keen on this as they saw

the bill as a precursor to discussions on combining the budgets.

We're not surprised that the session will end likely without a budget. Undoubtedly, we'll have one at some point.

The reality is until legislators sense there is pain — the pain that drives constituents to call to complain loudly and repeatedly — there isn't enough motivation to raise the revenue to level fund most agencies and get the additional funds that most agree Medicaid and Corrections require.

Rest assured, the question is not if there will be a second Special Session, but rather when.

The second question is whether lawmakers will feel any more sense of urgency to find new revenue for the General Fund.