

WINDOM GALLIHER

MONTGOMERY UPDATE

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Leadership reads lips: No new taxes

Revenue bills taken off the table; sparse GF budget to come

Senate President Pro Tem Del Marsh and Speaker of the House Mike Hubbard got to where they are by being adept political operators – knowing when to push, when to pull and when to stand pat.

With eight legislative days remaining in the 2015 regular session, they've tried to pull and they've tried to push. They've seen enough now to say they'll be standing pat.

Both Sen. Marsh (R-Anniston) and Speaker Hubbard made their lists and checked them twice, and figured out there's little – translated, virtually “no” – appetite for tax increases in their respective Republican caucuses.

That's why Speaker Hubbard pulled the plug late Tuesday morning on a calendar that would have seen the House vote on nine revenue-raising bills later that afternoon. Sen. Marsh had sent word down from the seventh floor to the fifth floor that any tax bills would be considered DOA. Speaker Hubbard rightly decided that there was no reason to force his caucus to take a series of tough votes in vain.

Even a cigarette tax increase – long considered the lowest hanging of tax fruit – would have struggled to gain more than five Republican votes in the Senate. That wouldn't be enough to pass, much less cut off debate.

During debate on Tuesday's calendar of bills in the House, Gov. Robert Bentley appeared on the floor to seek support for his \$541 million tax package. He got plenty of handshakes, but little else.



SPEAKER OF THE HOUSE MIKE HUBBARD (R-AUBURN) PULLS TAX REVENUE BILLS OFF AGENDA WHEN SENATE SENDS CLEAR MESSAGE ON THEIR FATE

Gambling appears to be off the table as well. Sen. Marsh' smorgasbord bill of lottery, expanded offerings at current private locations, and a compact with the Poarch Creek tribe emerged from committee Thursday morning, but it's not expected to survive in one piece – if at all. There is no consensus behind any facet of the bill – much less the bill in its entirety. The House Republicans have no consensus on the issue either.

With that in mind, the House General Fund committee met early Thursday and sent forth the “bare bones” budget – a variation of the “doomsday scenario” proffered earlier in the session by budget chairs Sen. Arthur Orr (R-Decatur) and Rep. Steve Clouse (R-Ozark).

Rep. Clouse has been one of the few Republicans willing to talk tax increases, and pushed several bills to do so through his committee. After it became obvious that taxes were a non-starter upstairs, the loss of appetite spread throughout

the House as well. He acknowledged his frustration after the House decided not to take up revenue bills.

The House will take up the sparse General Fund on Tuesday, which will be the 23rd day of the regular session. Into the wee hours of Tuesday night and Wednesday morning, budget writers crafted a skeletal budget that trims priority agencies Medicaid, Corrections, Mental Health and Human Resources by approximately 5 percent. Other agencies would receive a 9 percent cut on average. The \$1.64 billion budget is approximately \$211 million less than the current fiscal year.

Gov. Robert Bentley didn't waste time promising a veto, calling the House version of the budget “irresponsible” and “unworkable,” and he repeated his call for a \$541 million revenue plan that relies primarily on tax increases.

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With eight days left, there's plenty of work left to be done

Even with the budgets remaining, there's plenty of work left to do for the Legislature.

Gov. Robert Bentley is interested in several bills, including a bond issue to build a conference center at Gulf State Park and a jobs incentive bill that would benefit the Port of Mobile and other economic development projects throughout the state.

The piece of the Medicaid reform puzzle that affects long-term care still remains. A bill by Sen. Greg Reed (R-Jasper) was taken up this week, but then carried over for a little more work.

One bill with major implications on Medicaid and Corrections was introduced Thursday. Senate President Pro Tem Del Marsh (R-Anniston) dropped in SB476, which would cap Medicaid appropriations at 10 percent of funds under the state's control and cap Corrections at five percent. It will certainly garner a lot of attention from those in the health care sectors.



**SEN. GREG REED (R-JASPER)
EXPECTS TO MOVE MEDICAID
BILL THIS COMING WEEK**

Bumpy ride for Senate, House as tempers fray

For many, the session can't end soon enough. The remnants of a battle between Sens. Paul Bussman (R-Cullman) and Slade Blackwell (R-Mountain Brook) spilled over into Tuesday's session as Sen. Bussman cranked up a promised filibuster. Finally, the Senate stopped what it was doing and passed the bill Sen. Bussman desired – a bill related to contracts between insurers and dentists.

Thursday wasn't an easier day for the Senate as various members slowed down the proceedings before Sen. Marsh

TEN-MINUTE CALENDAR

decided it was time the pull the plug early in the afternoon.

The House's week was bumpy from time to time as Rep. John Rogers (D-Birmingham) continued to lead a slowdown after a bill to reform the Birmingham Water Works Board caught his ire. He had held up local bills for several days, but finally released those. The brunt of the slowdown was making sure the house spent two hours both days on adopting agendas.

On Thursday, Rep. Rogers and other members of the Legislative Black Caucus kept things hemmed in, but after lunch the House trudged through a calendar that only had a couple of major slowdowns. Along the way, the House gave final passage to bills to reform the boards of trustees at the University of North Alabama and Jacksonville State University, and create a city-state partnership for a bond issue for local roads.

AU trustees bill moves toward final passage

Nearly 20 years ago, no issue seemed to consume the Legislature more than the Auburn University Board of Trustees. It led to the creation of at least one PAC, the hiring of private investigators, press conferences and political skirmishes at every turn.

Today, all the principals in the battles of the late 1990s have exited the stage, and a bill is gliding through the process to make a couple of tweaks to the board.

Speaker Pro Tem Victor Gaston's (R-Mobile) bill would add two slots to the board for diversity candidates, and change the terms of a couple of positions temporarily in order to stagger the terms more properly.

The constitutional amendment requires only a vote from the Senate to be placed on a statewide ballot at the next general election.

Taxes

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Sen. Marsh said he had talked to enough members and reported to Speaker Hubbard that it was unnecessary for the House to plow forward with revenue plans because they would fail in the Senate.

"We're going to do all in our power to protect what we consider the essential programs of state government," said Sen. Marsh.

Gov. Bentley, for his part, says the people of Alabama understand the need for new revenue and will support his tax plan.

The same message, though, is not reaching legislators. Sen. Marsh said after the anticipated passage Tuesday that he expects the Senate to approve a bare bones budget.

As for the Education Trust Fund, the House held a public hearing Thursday morning on its version of the budget. A vote is expected Tuesday morning. It could be up for debate as soon as Thursday (the 24th legislative day), but could be delayed until the following week. Even so, it appears budget writers Sen. Trip Pittman (R-Montrose) and Rep. Bill Poole (R-Tuscaloosa) aren't that far apart on their notions of how the budget should end up.

It is possible that the Senate could con-

cur with the House changes to the budget. If not, any conference committee tweaks will be relatively few.

One question that remains is how quickly the Senate will take up the General Fund. Will the Senate move quickly in order to leave time to override the anticipated veto? Or will it wait until the bitter end and pass it in the waning hours and not worry whether the Governor signs it or not?

Either way, almost all anticipate a special session later in the summer to take another shot at the General Fund. It's hard to imagine that the desire to increase revenue will change much between now and then.