

SPECIAL

WINDOM GALLIHER

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Bentley's plan: Something old, something new, nothing borrowed, and definitely no gambling

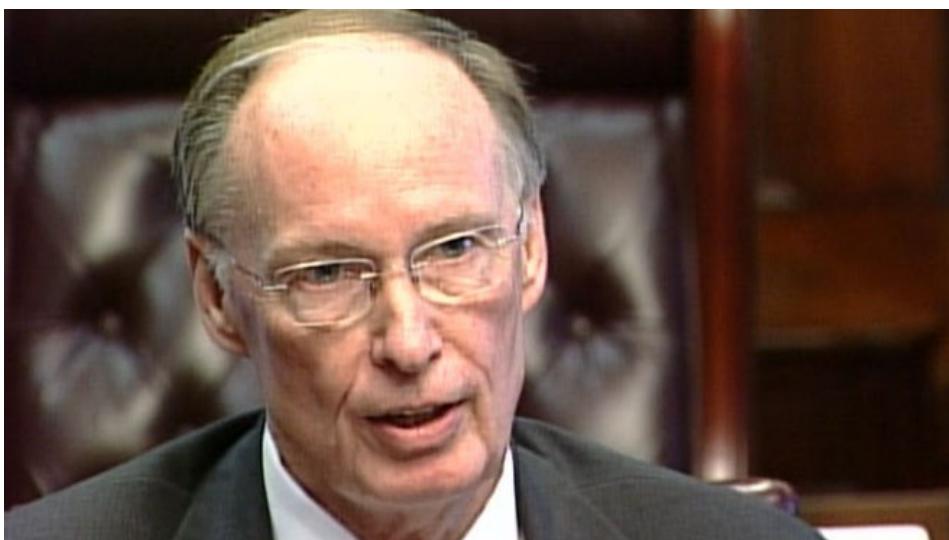
As announced yesterday, Gov. Robert Bentley issued a formal call for the Legislature to convene in special session beginning Monday, July 13, to a second try at crafting a General Fund budget.

Gov. Bentley vetoed the Legislature's bare-bones budget on the session's final day in early June. Had the Senate been in session to override the veto, or had the governor waited a few days, the posture would be the same — a special session would be necessary to write a budget.

Today, Gov. Bentley tipped his hand to show in general terms what his goals are for the session.

In the "call" — the formal document announcing the session — Gov. Bentley outlined eight items related to the budget process.

- Transferring the use tax from the Education Trust Fund to the General Fund.
- Unearmarking unspecified revenues, presumably to shift to the General Fund.
- Amending the Rolling Reserve Act to help bolster the Education Trust Fund.
- Increasing the Business Privilege Tax on larger companies, which would expect to gain \$36 million for the General Fund.
- Increasing the tax on tobacco and electronic cigarette products.
- Removal of the FICA deduction from state income tax.
- Instituting a new tax on soft drinks — the Governor indicated that his plan



GOV. ROBERT BENTLEY SAID LEGISLATORS WERE READY TO TACKLE GENERAL FUND, BUT ACKNOWLEDGED SPECIAL SESSION CALL HAD ELEMENT OF SURPRISE

would not extended to "sports" drinks and bottled water.

- Discontinuing the ability for taxpayers to avoid withholding payments on their state income tax.

Gov. Bentley indicated that the FICA deduction and the soft drink tax were considered an "either/or" proposition — asking the Legislature to choose one or the other for implementation.

In the regular session, Gov. Bentley aimed for \$541 million in new revenue to augment the General Fund. The best information is that the governor's plan would raise approximately \$330 million.

However, Gov. Bentley said he would also ask the Legislature to obligate the presumptive early payments of \$200 million in the proposed BP settlement for

General Fund debt repayment. Considering that, the difference between his regular and special session plans is not substantial.

Also included in the call was a specific prohibition on bills related to gambling, which would raise the threshold on any such bill to a two-thirds vote for final passage.

Gov. Bentley is also asking the Legislature to authorize a \$50 million bond issue for Gulf State Park. Similar legislation got tangled up in the Senate late in the final session. The bond issue would help pay for construction of a new conference center and hotel at the park, both of which have been shuttered since Hurricanes Ivan and Katrina.

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Bentley

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Late Thursday, Senate President Pro Tem Del Marsh (R-Anniston) told reporters that he intended to call for a three-week recess on Monday in order to give legislators time to fully vet the bills. At this point, there is no word on who will sponsor the bills.

As Gov. Bentley noted, a three-week hiatus will gobble up 21 of the 30 calendars allowed by the state Constitution for a special session. A special session can last up to 12 meeting days.

"If they adjourn for three weeks, they'll only have seven or eight days," Gov. Bentley said.

As late as yesterday, the consensus was that a mid-August session was in the plans, and that September wasn't out of the question.

"Gov. Bentley gave us his word that there would be no special session until August," Speaker of the House Mike Hubbard (R-Auburn) said.

Gov. Bentley seemingly taking a shot at Sen. Marsh and Speaker of the House Mike Hubbard (R-Auburn), saying that legislators were ready to go to work.

"I've talked to every House member and half of the Senate, and they are ready to solve this," he said, "regardless of what other people say."

Then with hardly taking a breath, he acknowledged the timing was indeed a surprise in order to "take the pressure of the gambling issue," which he said he doesn't want to be a part of the solution.



ONCE THE SESSION BEGINS, CONTROL OF THE SPECIAL SESSION'S CALENDAR SHIFTS TO SENATE PRESIDENT PRO TEM DEL MARSH (ABOVE) AND SPEAKER OF THE HOUSE MIKE HUBBARD

Sen. Marsh, who had an omnibus gaming bill to legalize and expand gambling at existing locations as well as create a lottery, had a different view.

"There's money in the state being spent on this, but we're not getting the revenue," he said. "It ought to be on the table."

One of the Senate budget hawks, Sen. Phil Williams (R-Rainbow City) wasn't enamored with the timing of the call.

"Despite ... assurances that we could work the issues with an eye toward an August special session," Sen. Williams said, "we were all taken aback yesterday when we were given just four days notice that the special session will convene Monday."

"I will not be rushed into raising taxes on

my constituents, and I am concerned this wholly unexpected rushed call to convene is likely to generate unnecessary friction between the legislative and executive branches."

It's safe to say that while Sen. Marsh and Speaker Hubbard have been measured in their responses to the hurried call, their private reactions have been more animated.

The governor indicated he will submit the budget passed by the Legislature with the conditional appropriations that were in that version added into the new baseline version.

This will start the discussion. The question is how long will it take for the discussion to escalate into a shouting match.

Probably not too long.

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Note: The Windom Galliher Montgomery Update publishes weekly when the Legislature is in session, and as events warrant otherwise.