

# WINDOM GALLIHER

## MONTGOMERY UPDATE

JULY 31, 2015

### Special session: On track or off the rails?

Questions are plenty, but definitive answers are few as legislators return to work

*Marcel, a Mississippi country boy from Yazoo City, has a job interview for a position as a switchman with a railroad at the headquarters in Jackson. He's managed to answer the questions fairly well until the final one.*

*"Marcel, if a train leaves Biloxi headed toward Jackson at 40 mph, and another train leaves Memphis headed toward Jackson at 50 mph, and the switch is stuck, what would you do?" the interview asks.*

*"It's really stuck bad?" Marcel asks back. The interviewer nodded his head. Marcel rubbed his chin, and says, "I'd go get Bubba." The interviewer was perplexed. "Who is Bubba and why would you get him?"*

*Marcel, grinning, says, "Bubba's my older brother. He ain't seen no train wreck neither."*

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If you ask around town, it might be a good idea to get Marcel and Bubba to the Statehouse on Monday for the resumption of the Special Session. Or maybe not.

Every half hour, it seems, you'll get a different answer on what will happen when the House of Representatives and Senate return to work. The most frequent forecast, however, is a train wreck. And another special session. And maybe another.

As you recall, we're stuck in this situation because the regular session ended in early June without a General Fund budget. The Legislature passed a bare-bones budget that had slight cuts to Medicaid, Corrections, Mental Health and Human Resources, and deeper



#### SENATE PRESIDENT PRO TEM DEL MARSH (R-ANNISTON) CHAMPIONS AN OMNIBUS GAMING BILL AS A LONG-TERM STRATEGY FOR THE STATE'S BUDGET WOES

across the board cuts to all other agencies.

It was expected that Gov. Robert Bentley would veto the bill, but it wasn't expected that he would do it quickly. The House had time to override the veto, but the Senate had already adjourned on the final day. Ultimately, a special session would be necessary to rewrite a budget.

The curveball came three weeks ago when Gov. Bentley ordered the session to start on July 13, a month ahead of when he was expected to call it.

The Legislature responded by meeting one day and recessing for three weeks. Special sessions, though, are limited to 12 meeting days in a 30 calendar day period. For this Special Session, that means there are only nine days left because the 30-day limit will run out.

Can there be a global agreement on revenue and a budget? It's hard to imagine that, but it's not for a lack of trying. Approximately 72 hours away from the resumption of the session, it doesn't seem that either the Senate or House is

willing to stray too far from its previously held positions.

Both chambers have set up groups to discuss potential solutions to deal with the hole in the General Fund. There have been some discussions between the chambers, but as legislators return the session could turn in many different directions.

On the first day of the session, Senators introduced a few bills that could address the issues – some in the short term, others in the long term.

One of the bills that has the best chance of being a part of the solution is Sen. Trip Pittman's (R-Montrose) legislation to shift the use tax from the education budget to the General Fund. For it to pass some sort of mechanism will likely be needed to replace the education dollars taken.

Senate Pro Tem Del Marsh (R-Anniston) brought back his omnibus gaming bill from the end of the regular session. Sen.

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## Session

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Marsh's bill would call for a referendum on a lottery for education, expanded gaming at the state's existing dog tracks, and authorize the governor to negotiate a compact with the Poarch Creek tribe. Sen. Marsh seems to be building some momentum in the upper chamber with his legislation, but remains to be seen yet if he can get it to the House.

The Senate appears somewhat resolute against a cigarette tax, changes to the FICA deduction on the state income tax, and several other ideas floated by Gov. Bentley. The House seems interested in a bill by Rep. Elaine Beech (D-Chatom) to shift the burden upward on the state's business privilege tax. This bill would generate approximately \$40 million and

remove the tax on the state's smallest businesses. Early indications had been that the Senate might be amenable, but the momentum for this bill may be sagging.

In both chambers, there will be budget hawks that will focus solely on unear-marking and rearranging funds, arguing that the state has enough money but has poor spending plans.

Gov. Bentley is asking for \$300 million from the Legislature to fully fund the budget to the current year's level, plus additional funds for Medicaid and Corrections. It's a tall order, especially when some of the potentially big-ticket legislation seems doomed from the start.

Some talk emerged late in the week that there may be an effort on some other bills – an economic development bill to help the State Docks and other reno-

vation projects, and a bill to index the state's gas tax that would help the state's roads and bridges.

Both Speaker of the House Mike Hubbard (R-Auburn) and Sen. Marsh have told their chambers to pack for nine days of work. Perhaps they should have told them 39.

More longtime observers are predicting a train wreck, which means there will be at least one more special session. We've seen train wrecks before in Montgomery, but we think we'll see at least one more before the 2016 General Fund budget is complete. But here's the caveat: The most predictable thing about the Alabama Legislature is its unpredictability. There've been times in the past when storm clouds gathered and doom seemed certain, only to have the sunshine break through at the last possible second.

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