

FINE GEDDIE

GOVERNMENT RELATIONS

THE FINE GEDDIE REPORT

2022 REGULAR SESSION · WEEK TWO

*** 2022 Special Session ***

JANUARY 21, 2022

APPROPRIATION OF COVID-19 RELIEF ADVANCES: BIGGEST BENEFICIARIES INCLUDE BROADBAND, HEALTHCARE AND WATER/SEWER PROJECTS

The bipartisan consensus continued to hold together on allocation of \$772 million in federal **American Rescue Plan (ARP) dollars** in Alabama. As expected, Gov. Kay Ivey called the legislature into a special session that began Wednesday, and both the House and Senate versions of the ARP supplemental appropriation bill were approved by their respective committees Thursday morning without change. The proposal poised for floor consideration on Tuesday in both chambers, is being sponsored by Rep. Steve Clouse (R—Ozark) and Sen. Greg Albritton (R—Atmore).

ARP established separate sources of funding, each with their own particular purpose. The plan would spend Alabama's relief dollars as follows:

\$443,343,362.50 from the ARP State Fiscal Recovery Fund

- \$80,000,000 to the Alabama Hospital Association and the Alabama Nursing Home Association for **health care and related services**
- \$51,000,000 to the Alabama Department of Economic and Community Affairs (ADECA) for **broadband improvements**
- \$225,000,000 to the Alabama Department of Environmental Management for **water and sewer projects**
- \$79,500,000 to the **Unemployment Compensation Trust Fund**
- \$7,843,362.50 for reimbursement of costs for the administration, auditing, and reporting requirements of the state and local fiscal recovery funds

\$136,796,346 from the ARP State Fiscal Recovery Revenue Replacement Fund

- \$34,000,000 to ADECA for **broadband improvements**
- \$5,000,000 to the Alabama Department of Public Health (ADPH), or any other health provider to facilitate **telemedicine**
- \$36,796,346 to ADPH, the Alabama Department of Mental Health, the Alabama Department of Rehabilitation Services, or any other state entity of competent jurisdiction, health care association, or health care provider

- \$30,000,000 for assistance to **rural hospitals**
- \$20,000,000 for assistance to **emergency response providers**
- \$11,000,000 for reimbursements of expenses of state inmates housed in **county jails**
from March 3, 2021, to December 31, 2021

From the ARP Capital Projects Fund

- \$191,887,857 to be delegated to ADECA to be used for the delivery of **broadband** and related services

The \$772 million on the table this week is only a portion of Alabama’s total ARP allocation, which exceeds \$2 billion. The state is due a second tranche of more than \$1 billion in May. Those dollars are expected to be appropriated during a separate special session sometime this fall, and there will be many funding requests.

OTHER ARP-RELATED MEASURES

Two other proposals with bearing on ARP’s benefit to Alabama have been introduced during the special session, which is expected to end January 27.

- **Broadband Referendum:** Under the Alabama constitution, local governments cannot provide a thing of value to companies, which could hinder broadband expansion. SB3 by Senate Majority Leader Clay Scofield (R—Guntersville) proposes a constitutional amendment – subject to a statewide referendum – that would authorize state and local governments to provide broadband expansion dollars to private entities. Scofield is chairman of the Alabama Digital Expansion Authority. Rep. Randall Shedd (R—Cullman), the authority’s vice chairman, is sponsoring the House version of the bill.
- **Tax Adjustments:** HB3 by Rep. Jim Carns (R—Birmingham) would adjust the federal income tax deduction for individual taxpayers to align with the ARP- expanded federal credits for earned income and child/dependent care. It would also extend by one month the filing deadline for corporate income tax returns and financial institution excise tax returns beginning with the 2021 tax year, and give the Department of Revenue discretion to offer the same extension for the 2020 tax year. An identical bill has been introduced in the Senate by Sen. Dan Roberts (R—Birmingham).

OTHER ISSUES TO WATCH

Lawmakers conducted some regular session business this week before shifting gears, and they are scheduled to resume the regular session on February 1.

STUDENT ATHLETES

- A 2021 law allowing collegiate student athletes to accept compensation for use of their name, image, or likeness would be repealed under HB76 by Rep. Kyle South (R—Fayette). Current state law is more restrictive than NCAA rules. The bill passed the House on Tuesday.

TAX CUTS

- A capped **tax exemption for certain retirement income** that is currently taxable would be created under SB18 by Sen. Arthur Orr (R—Decatur). The bill received an amendment and a favorable report from the Senate Finance and Taxation Committee on Education this week.
- The **individual income tax threshold** would be raised pursuant to SB19 by Sen. Arthur Orr (R—Decatur). The bill received an amendment and a favorable report from the Senate Finance and Taxation Committee on Education this week.

ENERGY

- Unauthorized entry of **critical infrastructure** is a crime, and protection would be extended to pipelines, mining operations and mining infrastructure with passage of SB17 by Sen. Garland Gudger (R—Cullman). The bill, which would also enhance penalties for violations and specifically for vandalism, received a favorable report from the Senate Judiciary Committee this week. An identical bill, HB 21, has been introduced in the House by Rep. Scott Stadthagen (R—Hartselle).
- The State Oil and Gas Board’s authority to **regulate underground storage facilities** would be expanded with passage of SB36 by Sen. Greg Albritton (R—Atmore) to provide for storage of Carbon Dioxide and Hydrogen, as well as other gasses. The bill received an amendment and a favorable report from the Senate Governmental Affairs Committee this week.

WATER & SEWER

- New audit requirements would apply to some **nonprofit corporations providing water service** to the public with SB33 by Sen. Andrew Jones (R—Centre). The bill received an amendment and a favorable report from the Senate Governmental Affairs Committee this week.

ELECTION REFORM

- In the name of **election security**, SB46 by Sen. Clyde Chambliss (R—Prattville) would prohibit electronic vote counting systems that are capable of connecting to the internet or cell phone networks. The Senate Governmental Affairs Committee gave it a favorable report this week.
- **Electronic vote counting systems** would be required to utilize paper ballots under SB47 by Sen. Clyde Chambliss (R—Prattville), which also received a favorable report this week from the Senate Governmental Affairs Committee.

ARTIFICIAL INTELLIGENCE

- Usage of **artificial intelligence** technology would be regulated with passage of SB56 by Sen. Arthur Orr (R—Decatur). The bill received a favorable report from the Senate Governmental Affairs Committee this week.

ALCOHOLIC BEVERAGE MARKETPLACE

- **Entertainment districts** would be possible within some community development districts under SB64 by Sen. Clyde Chambliss (R—Prattville). This week, the bill received a favorable report as amended from the Senate Governmental Affairs Committee.
- Retail table wine licensees would gain authority to **dispense wine for off-premises consumption** according to SB22 by Sen. Randy Price (R—Opelika), which received a favorable report this week from the Senate Tourism Committee.

GOVERNMENT PROCUREMENT

- An **emergency exemption from competitive bid laws** would be created for public education entities under SB72 by Sen. Jack Williams (R—Wilmer), which received a favorable report this week from the Senate Governmental Affairs Committee.

The Alabama Legislature will reconvene in special session on Tuesday, January 25.