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Friday, May 09, 2008

Tell Senators Corporate Tax Rewrite Must Be Linked to Double Deduction for Health Insurance

If Business Plan Isn't Accepted, Vote 'No' on HB 350

The Alabama Legislature's attempt to rewrite the 2001 add-back statute will be on the Alabama Senate's agenda for Monday, May 19, the final legislative day of the 2008 regular session. During the weeklong break the Legislature will take before the final day, please **call and ask your senator to support the business community's proposed changes to [HB 350](#)**, including linking it to a full 200 percent health insurance tax credit for certain small businesses and their employees. If the senators can't support the business changes, ask them to vote "No" on HB 350.

Throughout the three-month session, the Business Associations' Tax Coalition, a group of 30 business and trade associations committed to responsible tax policy, has been trying to amend HB 350 by Rep. Richard Lindsey, D-Centre, to make it workable for business. Until this week, BATC, of which the Alabama Retail Association is a member, has had no luck getting its message heard.

Tuesday, the Senate Finance and Taxation-Education Committee approved Lindsey's bill and [HB 144](#) by Jay Love, R-Montgomery, which provides small business and employee tax credits for health insurance coverage, as approved by the Alabama House of Representatives. **BATC and ARA vehemently oppose the House versions of these bills**, which the House adopted without the input of the business groups concerned.

CRR EXTRAS

BILLS

- [HB 73](#)
- [HB 93](#)
- [HB 138](#)
- [HB 144](#)
- [HB 274](#)
- [HB 335](#)
- [HB 350](#)
- [HB 427](#)
- [HB 428](#)
- [HB 455](#)
- [HB 576](#)
- [HB 664](#)
- [HB 720](#)
- [HB 727](#)
- [SB 147](#)
- [SB 221](#)
- [SB 229](#)
- [SB 300](#)
- [SB 399](#)
- [SB 426](#)
- [SB 431](#)
- [SB 446](#)
- [SB 447](#)
- [SB 463](#)

IN THE NEWS

- [Senate blocks grocery tax bill](#)
- [Limestone County quarry bill holds up food tax cut](#)
- [Senate rejects tax plan, but backers aren't giving up yet](#)
- [House OKs tax break for stimulus checks](#)
- [House OKs tax rebate exemption](#)
- [Smoking ban](#)



However, **senators, led by Sen. Del Marsh, R-Anniston, have included BATC in negotiations** with the Alabama Education Association, which has been pushing HB 350 as a mechanism to balance the state's education budget. After a week of intense negotiations, the opposition appears ready to agree to most of the fair and constructive plan BATC has

offered, which will address the state's education budget shortfall while not doing irreparable harm to the state's business climate.

The opposition appears ready to agree to strip the six years retroactivity and double taxation from the bill. However, **the union for Alabama's education workers is insisting on a lesser tax credit for healthcare coverage**. AEA persists in its demand for only a 150 percent tax credit once the Education Trust Fund experiences two 6 percent growth spurts.

BATC supports the original version of HB 144, which allows the qualifying businesses and employees to **deduct twice the amount they pay for health insurance**. If you spend \$10,000 now on health insurance coverage for your employees, this legislation, once fully implemented, would allow you to deduct \$20,000 from your income tax, resulting in a \$650 tax savings for your business.

Business supports the phase-in included in the original HB 144, which calls for a 20 percent increase in the deduction **each year that the Education Trust Fund grows three percent until the deduction reaches 200 percent**.

Let your senator know that your business and your employees deserve the **double deduction** for healthcare coverage, and you want the **3 percent trigger** for the Education Trust Fund growth to reach the full 200 percent deduction.

Under the watered-down version of HB 144 approved by the House, businesses with 25 or fewer employees and employees of those businesses who earn \$50,000 or less annually could deduct 20 percent more than they currently do for health insurance payments. If the education trust fund grows six percent in any two years between 2010 and 2014, which is highly unlikely, that deduction grows to 50 percent

[dodges bullet in committee](#)

- [Statewide ban on public smoking passes committee](#)
- [House panel OKs illegal-migrant benefit ban](#)
- [PAC proposal would require new disclosure](#)
- [\\$2.01 billion general fund budget gets legislators' OK](#)
- [Education budget higher ed cuts top cuts for K-12](#)

For more stories concerning legislative action and news of interest to retailers, go to [In the News](#)

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LEGISLATIVE CONTACTS

To contact members of the Alabama Legislature:

WRITE:

Alabama State House
11 South Union Street
Montgomery, AL 36130

CALL:

HOUSE: (334) 242-7600
SENATE: (334) 242-7800

E-MAIL:

Most representatives can be reached through the House e-mail system by using the following format:

[firstname.lastname@](#)

more than the current deduction allowed.

AEA continues to push the House-passed version of the healthcare insurance tax credit because it has already allocated the money intended to cover the full 200 percent credit elsewhere within the state education budget. **Tell your senator you want the benefit of HB 350 to go to cover the tax credit for small businesses and their employees.**

Also tell you senator that you do not support the retroactive and double taxation provisions in HB 350, and if those remain in the legislation brought to the floor May 19th to vote against it.

>> Other News

More Tax Action

Alabama Businesses Avoid Additional Taxes

Passage Negates \$700 Million More in Unemployment Taxes

A required correction to the 2005 State Unemployment Tax Act has been sent to the governor, thus avoiding \$700 million in additional taxes to business.

ARA-supported [SB 147](#) by Sen. Roger Bedford, D-Russellville, given final approval Thursday by the Alabama Senate, aligns Alabama law with federal law and thus stops a \$378 per employee increase in federal unemployment taxes. The U.S. Labor Department had given Alabama until the end of this regular session to enact this vital legislation.

Also receiving final approval Thursday were two other bills that were part of a package agreed to earlier in the session by business and labor:

- **[HB 428](#)** by Rep. Frank McDaniel, D-Albertville, moves Alabama in line with 36 other states by granting a one-week waiting period without unemployment benefits. Inserting one week without benefits after the 13th week of paid benefits relieves some costs to employers with employees on long-term unemployment. This bill also provides a small part of the unemployment compensation tax paid by businesses will continue to be set aside to help the unemployed find jobs through the state's career centers.
- **[HB 427](#)** by Rep. Jack Page, D-Gadsden, raises the maximum weekly unemployment benefits from \$235 to \$255 after July 6 and then to \$265 after July 5, 2009.

alhouse.org.

Those without e-mail addresses can be reached through the general e-mail address:

house3@alhouse.org

There is no general e-mail address for senators. [Click here](#) for a roster of the state senators with their complete contact information.

LINKS GO TO CONTACT INFO:

The link to each lawmaker mentioned in this publication goes to their individual websites, which have contact information. You can also find out whose legislative district you live or work in under [Find Your Lawmaker](#) in the [Political Affairs](#) section of alabamaretail.org.



For committee assignments and clerk contacts for the Alabama Legislature, see [ARA's 2011 Legislative Roster](#).

BENEFIT FROM THE VALUE

**Now, Even More Benefits
from ARA**

Not Enough Votes to Discuss Ending Food Sales Tax Bill Also Would End Deduction for Federal Income Tax Paid

Thursday, the Alabama Senate fell one vote shy of bringing up [HB 274](#) by Rep. John Knight, D-Montgomery, a constitutional amendment that would drop the state's 4 percent sales tax on food items as defined by the federal food stamp program and end the deduction Alabama taxpayers take for the federal income tax they pay.



The House approved the bill April 15 and supporters could try to bring it back to the Senate floor on the final legislative day. It would take the approval of three-fifths of the senators present to bring the constitutional amendment up for debate and 21 votes to achieve final passage; then the governor would have to sign it; and it would have to go before voters in the November general election.

The Senate also failed to get the votes necessary last week to debate an identical bill, [SB 431](#) by Sen. Hank Sanders, D-Selma. Sanders' version is now dead for the session, but he said Thursday he will try again May 19th to bring up Knight's bill. Republicans blocking the bill from being debated offered to agree to the bill if proponents would add an amendment ending Alabama's annual reappraisal of homes for property taxes, but the Democratic supporters refused. Some of those who abstained from Thursday's vote said they did so for leverage to get other legislation moving.

Final Day Action?: Tax-Free Rebates Sans Business Incentives

The Alabama House of Representatives and a Senate committee this week approved [HB 455](#) by Rep. Terry Spicer, D-Elba, which waives state income taxes on federal tax rebates that Alabamians began receiving last week, clearing the way for its possible approval on the final legislative day of the 2008 regular session.

Tuesday, the House voted 101-0 for the bill to exempt federal economic stimulus rebate checks from Alabama income taxes and deny businesses the ability to use the bonus depreciation included in the federal economic stimulus plan to lower their state income taxes. Wednesday, on a 10-0 vote, the Senate Finance and Taxation-Education Committee



Your Business Can Save Thousands

ARA constantly strives to increase the Value its members received from membership. Many members have been using our low-cost workers' comp program for years, but were asking for more. In January, we announced more savings. ARA members now have access to:

Cost-Saving Credit Card Processing:

Through a partnership with Huntsville-based **CHECKredi**, ARA members get rates normally reserved for only the largest stores.

Discounted Inbound and Outbound Shipping:

Through our arrangement with **PartnerShip** ARA members can save up to 27% on FedEx services and up to 70% on other shipping needs.

Budget Friendly Email Marketing:

Constant Contact brings ARA members cutting edge e-mail marketing technology for as low as \$15 a month; members save up to 25%

[Find Out More Today](#)

IMPORTANT EVENT THIS WEEK

WHAT: **Birmingham Business Leadership Exchange**
WHEN: **6 p.m. Wednesday, April 6**
WHERE: Regions Center Upper Lobby Auditorium, 1900 5th Avenue North

approved it as well. It now could be considered by the full Senate on Monday, May 19th, the session's final day.

The House turned down several amendments, including one that would have restored the incentive for small businesses. The House turned down that amendment on a 51-45 vote.

State law ties Alabama's depreciation schedule for businesses to the federal schedule, which means Alabama's schedule automatically would go up under the federal legislation. But Spicer's bill only allows businesses to take the current deduction. The bonus depreciation would continue to apply to federal corporate income taxes. Consequently under this legislation, businesses that pay corporate income taxes in Alabama would have to apply different depreciation schedules for their federal and their state returns.

ARA had supported Spicer's bill in its original form, which waived the state income tax on the rebates and left the business tax incentives unaltered.

UNNECESSARY MANDATES

Catfish Labeling Dead: Neither House Nor Senate Act on It; Broader Country-of-Origin Labeling Also Gets Cold Shoulder

Tuesday, the Alabama House of Representatives indefinitely postponed [HB 576](#) by Rep. A.J. McCampbell, D-Linden, which would have required country-of-origin labeling for catfish only, and after carrying over



the companion bill last week, the Alabama Senate did not bring back up [SB 399](#) by Sen. Bobby Singleton, D-Greensboro, effectively killing the legislation for the 2008 regular session. Tuesday was the deadline in the Alabama Legislature's 2008 session for a bill to win approval in the chamber where it was introduced.

Broader legislation that would have required country-of-origin labeling for all fish – [SB 221](#) by Sen. Jim Preuitt, D-Talladega – also has died. **Thank you to Rep. Thomas E. Jackson, D-Thomasville, chairman of the House Agriculture and Forestry Committee for not putting this bill on his committee's agenda for this week.** Tuesday, the House indefinitely postponed the companion bill, [HB 335](#) by Rep. Spencer Collier, R-Mobile, killing it for the session as well.

For the past six years, ARA has been effective in keeping mandated country of origin labeling from being considered.

Complimentary parking available at Regions Center deck via 19th St. North

The Speaker's Commission on Job Creation is partnering with the Birmingham Business Alliance to invite business owners of companies across the industrial spectrum to attend a "Business Leadership Exchange," and share their ideas about how to improve the business climate in the state. If you have any questions, please **contact the office of House Speaker Mike Hubbard at 334-242-7668**. If you are unable to come to the Birmingham exchange but would like to submit ideas and recommendations, you may [email them to Alabama Jobs Commission](mailto:emailthemto@alabamajobscommission.com)

or join the conversation on Facebook at

facebook.com/speakersjobscommission

ARA will continue to oppose mandatory country of origin labeling, or COOL, at the state level on products such as seafood, meat, fruits, vegetables and peanuts.

ARA supports more positive, voluntary customer-driven programs such as the "[Eat Alabama Wild Shrimp Campaign](#)," which promotes domestic shrimp among retailers, wholesalers and consumers. Retailers would rather see positive programs such as this that benefit everyone rather than punitive legislation. **ARA has pledged to work with the Alabama catfish industry to promote its products with Alabama retailers.**

SMOKING/TOBACCO

Smoking Ban Bill Still Alive on Final Legislative Day

The decision on a bill to ban smoking in most public places in Alabama will wait until the final legislative day of the 2008 regular session. However, if the House approves the bill on the final day, the legislation still will have to return to the Senate for approval because a House committee made changes this week to the Senate bill.



Wednesday, the House Government Operations Committee stripped private buildings rented for public use and the state's dog tracks out of the bill.

Free-standing bars in which "*servicing of food is only incidental*" to alcoholic beverage service already is exempt from the smoking ban under [SB 229](#), sponsored by Sen. Vivian Davis Figures, D-Mobile. Bars within restaurants are included in the ban. An amendment failed that would have allowed restaurant owners to decide whether to allow smoking at their restaurants. Under the amendment, which failed by one vote, the establishments would have had to have barriers or ventilation systems and follow limitations on how much space could be designated for smoking.

Figures' legislation would supersede local smoking ordinances. The legislation carries a \$100 fine for first-time violators; a \$200 fine for a second offense; and \$500 for the third violation and each subsequent violation in a one-year period. Every day a business is in violation is a separate violation. The House committee deleted part of the Senate-passed bill that said the owner or manager who violated the smoking ban could face the loss of a business license or

operating permit.

MEDICAID

Medicaid Recovery Bill Awaits Governor's Signature

[SB 300](#) by Sen. Linda Coleman, D-Birmingham, which provides a mechanism for the Alabama Medicaid Agency to recoup payments made to a provider if the payment was made for a person already covered by a health plan, is on the governor's desk awaiting his signature.

The House gave the bill final approval Thursday by a vote of 102-0. This legislation requires each health insurer and health benefit plan to provide information to the Medicaid Agency concerning each insured and dependent covered by the insurer or health benefit plan. It also authorizes civil penalties for violations. The federal government is mandating that all states pass some form of this legislation.

The House companion was [HB 93](#) by Rep. Ron Johnson, R-Sylacauga.

IMMIGRATION

Bad-for-Business Immigration Bills Die

This week meant the end for numerous immigration bills in the Alabama Legislature that placed burdensome restrictions and responsibilities on Alabama businesses. While other important immigration bills dealing with receiving public benefits and other issues are still active in the legislative process, all of the bills with negative impact toward Alabama business have died.

Among the bills that died that would have placed an extra burden on or impede the growth of Alabama businesses are:

- [HB 720](#) by Sen. Scott Beason, R-Gardendale, and its companion, [SB 426](#) by Rep. Allen Treadaway, D-Morris, which would have placed major immigration enforcement responsibilities on businesses;
- [HB 664](#) by Rep. Randy Hinshaw, D-Huntsville, which would have revoked a company's business license if it were found to have knowingly hired an illegal immigrant;
- [SB 446](#), also by Beason, which would have prohibited state employees and officials from communicating in any language other than English, and created a

fluency test for anyone wishing to participate in state programs, benefits and opportunities;

- [SB 447](#), also by Beason, which would have required that Alabama driver license testing be offered only in English. The English-only bills would have set a precedent that would impede Alabama's goal to compete in the global economy; and
- [HB 727](#) by Rep. Micky Hammon, R-Decatur, which would have required an employer to verify that it does not employ unauthorized aliens in order to qualify for any economic development incentive awarded by the Alabama Development Office.

The Legislature could consider several other immigration bills, which do not concern or hinder business, as well any other pending legislation on May 19th, the final day of the 2008 regular session.

CAMPAIGN FINANCE AND ELECTIONS

Conference Considers PAC-to-PAC Transfer Ban Compromise

A conference committee of House and Senate members continues to debate a ban on PAC-to-PAC transfers going into the final legislative day.

On Thursday, Rep. Jeff McLaughlin, D-Guntersville, the sponsor of the original legislation, offered a 31-page compromise to the conferees. [HB 73](#) has been in conference since Feb. 28. ARA continues to have concerns about the complexity of the compromise offered.

The latest version of the bill allows transfers from political action committees to political parties, legislative caucuses and to "*get out the vote*" organizations. It allows PACs to give to parties and caucuses, but parties and caucuses can't give the money to another PAC. Another part of the plan would require PACs to pay a portion of the money they raise each year to help fund enforcement of campaign finance laws.

CHILD LABOR

Child Labor Law Changes Left to Final Day

Revisions to Alabama's child labor laws also will be among the hundreds of bills awaiting action on the 30th and final day of the 2008 regular session.

[HB 138](#) by Rep. Frank McDaniel, D-Albertville, which would

align Alabama's labor laws more closely with federal regulations could be considered by the Alabama Senate on May 19th. The House approved it April 3 and the Senate Children, Youth Affairs and Human Resources Committee approved it April 30th. However, Thursday, the Alabama Senate indefinitely postponed the Senate companion, [SB 463](#) by Sen. Quinton Ross, D-Montgomery.

Under this legislation, businesses would no longer have to apply for a work permit to hire teens. That system would be replaced with a child labor certificate system. Rather than seeking a work permit through the schools, a \$15 Child Labor Certificate good for two years would be purchased from the Alabama Department of Labor for each location or entity where those age 14 through age 17 work. A Child Labor Certificate would not be required for each minor but rather for the age groups employed.

To be eligible to work, 14- and 15-year-olds would be required to get an "*Eligibility to Work Form*" from their school certifying that they have satisfactory grades and attendance. The teens, not the business, would be required to get this form. No form would be necessary for teen-agers 16 and older.

NEXT LEGISLATIVE DAY

2009 Session Begins in February

Another Summer Special Session Possible

Lawmakers will return for the **first legislative meeting day of the 2009 regular session at noon Tuesday, Feb. 3, 2009**.

However, the governor could call lawmakers back for another special session later this summer.

The *Capitol Retail Report* is another **Benefit from the Value** of Alabama Retail Association membership. For more benefits, go to www.alabamaretail.org