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**CRR EXTRAS**

*Friday, February 13, 2009*

## End to Food Sales Tax May Make House Agenda

### Unless Sponsor Wants More Time to Modify

Knight's Bill Could Be First Considered Tuesday

A constitutional amendment by Rep. John Knight, D-Montgomery, to remove the 4 percent state sales tax from groceries beginning Jan. 1, 2011, was next up on the House calendar when the Alabama House of Representatives adjourned Thursday. The legislation, which also limits the federal income tax paid deduction for all individual taxpayers, could be the first item to be considered when the House reconvenes at 1 p.m. Tuesday, unless the sponsor holds onto the legislation to make further adjustments. The House leadership has indicated that if Knight isn't ready for the House to consider the amendment, the House will take up noncontroversial legislation.

Besides requiring legislative approval, [HB 116](#), labeled by the sponsor as the Tax Fairness Amendment of 2009, must also be approved by the state's voters. If it clears those hurdles, for all tax years beginning after Dec. 31, 2010,



single taxpayers with an annual adjusted gross income of \$50,000 or less and married couples making \$100,000 or less could continue to deduct all of the federal taxes they pay from their state income taxes. Knight told lobbyists on Tuesday that he is considering raising those income cutoffs to \$60,000 and \$120,000.

For those earning more, under Knight's proposal, the percentage of the deduction allowed would decrease gradually based on income until it is eliminated altogether for single taxpayers making more than \$200,000 and married couples making more than \$400,000. The deduction would be reduced by 1 percent for every \$1,500 of income for single taxpayers and by 1 percent for every \$3,000 of income for married taxpayers filing jointly.

### BILLS

- [HB 055](#)
- [HB 069 Sub](#)
- [HB 116](#)
- [HB 126](#)
- [HB 127](#)
- [HB 128](#)
- [HB 154](#)
- [HB 183](#)
- [HB 254](#)
- [HB 373](#)
- [HB 391](#)
- [HB 448](#)
- [HB 482](#)
- [HB 483](#)
- [HB 490](#)
- [HB 496](#)
- [SB 047](#)
- [SB 100](#)
- [SB 113](#)
- [SB 115](#)
- [SB 130](#)
- [SB 132](#)
- [SB 148](#)
- [SB 158](#)
- [SB 203](#)
- [SB 263](#)
- [SB 263 Amendment](#)
- [SB 272](#)
- [SB 272 Amendment](#)
- [USHR1](#)

### IN THE NEWS

- [State needs broader debate on tax system](#)

## >> [Proposed Schedule for Federal Income Tax Paid Deduction](#)

Knight said Tuesday that he would consider alternative ideas for offsetting the loss of the sales tax on food besides limiting the deduction for federal income taxes paid. Even though, Knight said the Legislature is "*not going to raise taxes this year*," his amendment is projected to raise tax revenue for the state by an estimated \$62 million annually. **ARA will continue to monitor this legislation closely** . If you have any input, please let ARA VP Alison Wingate know.



Under Knight's constitutional amendment, anything defined as food under the Federal Food Stamp Act qualifies for the sales tax exemption. A key exception is that **candy and soft drinks will continue to be taxed** . Make particular note of the definitions of candy and soft drinks in the bill. Knight's bill only applies to the 4 percent state portion of the sales tax on food. Food would continue to be taxed locally.

The Senate Finance and Taxation Education Committee has yet to take up the Senate companion, [SB 115](#) by Sen. Hank Sanders, D-Selma.

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## >> Other News

### ARA LEGISLATIVE AGENDA IN ACTION

#### **ARA-Backed Incentives for Film Companies Tops Tuesday** If House Doesn't Debate Food Tax, HB 69 First Up

If the food sales tax bill is not considered Tuesday, [HB 69](#) by Rep. Richard Lindsey, D-Centre, which seeks to bring movie and television productions to Alabama, will be the first bill on the Alabama House of Representatives' Special Order Calendar for Tuesday.

**Because of the increased sales expected for retailers should Alabama attract movie and TV productions, The Entertainment Industry Incentive Act is part of the ARA's 2009 State Legislative Agenda.** The bill has 50 House co-sponsors. The Senate companion, [SB 148](#) by Sen. Roger Bedford, D-Russellville, has yet to be considered by the Senate Finance and Taxation Education Committee.

Lindsey's bill provides exemptions on sales, use and lodging taxes for companies that make movies and other productions in Alabama. Our state is one of only four that currently don't offer incentives. Alabama's film industry incentives expired in

- [Cut to chase on film incentives](#)
- [Committee approves bill to allow Sunday liquor sales petitions](#)
- [State senators toast stronger beer for Alabama](#)
- [Alabama House again approves PAC transfer ban](#)
- [House OKs campaign cash bill](#)
- [Tax credits could help counties with high unemployment](#)
- [Alabama recruiters hope time is right for white-collar incentives](#)
- [Congress reaches stimulus accord](#)
- [Alabama Gov. Bob Riley critical of stimulus money but plans to spend it](#)
- [Alabama transportation officials briefed on stimulus by White House; share could be \\$560 million and create 14,000 jobs](#)
- [DOT director 'giddy' over stimulus funds](#)
- [Sen. Shelby calls stimulus bill a 'disgrace'](#)
- [Shelby attacks administration bailout proposal](#)
- [Alabama Senator Richard Shelby says states shouldn't depend on the federal government to make ends meet](#)
- [Retailers rushing to comply with lead law](#)
- [Survey: Peanut recall known but misunderstood](#)
- [Texas recalls all peanut plant products](#)
- [Peanut Corp. president and Blakely, Ga., plant manager decline to testify](#)

2006. The bill provides tax exemptions and tax rebates to film production companies that locate in Alabama by up to \$5 million in 2009, \$7.5 million in 2010 and up to \$10 million in 2011 and beyond.

To pay for the incentives, the bill requires that partnerships and limited liability companies file composite returns on behalf of their nonresident partners/members and remit the income tax that would be owed by the nonresident partner on his/her share of the earnings. The Alabama Department of Revenue estimates this change will generate between \$3 million and \$4 million annually. The Legislative Fiscal Office was unable to determine how much would be taken from the state treasury annually because of the incentives offered in this legislation. Sponsors predict the bill will be revenue neutral.

>> [ARA's 2009 Legislative Agenda](#)

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### **Pseudoephedrine Law Correction Heads to Full Senate**

Wednesday, the Senate Health Committee approved [SB 47](#) by Sen. Lowell Barron, D-Fyffe, which deletes a prohibition in current law against the sale of any product containing ephedrine or pseudoephedrine unless the product is manufactured so that those active ingredients cannot be extracted to be used in the production of methamphetamine. When the law was written, it was thought the technology would exist by the Oct. 1 effective date to prevent the extraction of the ingredients used in methamphetamine production. Such technology has not yet been developed.

The committee also added a liability amendment to the bill.

**The ARA Chain Drug Council reviewed and accepted the amendment prior to the committee's approval.** "*Absent negligence, wantonness, recklessness, or deliberate misconduct,*" any retailer maintaining the provisions of this legislation is not "*civilly liable as a result of any act or omission in carrying out the duties required*" and is "*immune from liability to any third party unless the retailer has violated any provision*" of the act, the bill now reads.

**Tuesday, the Alabama Board of Pharmacy led by Tammy Rogers, regional pharmacy vice president for Rite Aid Pharmacy and ARA board member, who began her terms as the pharmacy board president in January, added its support to this legislation, which is a part of the ARA 2009 State Legislative Agenda.** The bill now heads to the full Senate for its consideration.

Meanwhile, the House Judiciary Committee will consider the

- [Jar peanut butter sales fall amid salmonella fears](#)

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

### **ARA CONTACTS**

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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@alhouse.org](#).

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

[house3@alhouse.org](mailto: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.

House companion, [HB 183](#) by Rep. Frank McDaniel, D-Albertville, at 9 a.m. next Wednesday in Room 123 of the Alabama State House.

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### **Sunday Sales Bill On Way to Senate**

The Senate Tourism and Marketing Committee on Wednesday approved [SB 272](#) by Sen. Bobby Singleton, D-Greensboro, which would allow voters in 14 cities to schedule referendums so they can decide the question of seven-day alcohol sales for themselves. **The ARA and the Coalition for Economic Progress have supported this legislation for the past two years. It is part of ARA's 2009 State Legislative Agenda** . The bill now goes to the full Senate. If it becomes law, this bill will become effective Jan. 31, 2010. At that time, a reporting agency would have 15 minutes to temporarily lift a freeze if it receives an electronic request from the consumer during normal business hours. Only 19 other states have that provision.

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### **Treadaway Introduces Security Freeze Companion**

Rep. Allen Treadaway, R-Morris, this week introduced [HB 496](#) , which allows a consumer to place a security freeze on his or her credit report by sending a written request to a consumer credit reporting agency. It has been assigned to the House Banking and Insurance Committee. The companion legislation, [SB 203](#) by Sen. Lowell Barron, D-Fyffe has been assigned to the Senate Economic Expansion and Trade Committee. **This legislation is part of the ARA's 2009 State Legislative Agenda.**

If approved, Alabama will become one of the last states in the nation to allow security freezes on consumer credit reports. ARA had blocked similar legislation for the past two years because of unintended consequences in the previous legislation. This legislation resolves those issues.

Under these bills, a consumer can ask that the security freeze be temporarily lifted to allow a third-party to review the record for such purposes as a credit check. The credit reporting agency can charge a consumer up to \$5 for placing, removing or temporarily lifting a freeze. Thirty-two states have higher fee provisions in their security freeze laws. Under this legislation, those 65 and older cannot be charged a fee for the initial placing or removing of a freeze. Only 10 other states have such a provision. If it becomes law, the effective date is Jan. 31, 2010. At that time, a reporting agency would have 15

### **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](http://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**



**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

minutes to temporarily lift a freeze if it receives an electronic request from the consumer during normal business hours. Only 19 other states have that provision.

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## ALCOHOL

### Senate Committee Approves Stronger Beers and Wine

The Senate Tourism and Marketing Committee on Wednesday approved several bills to allow stronger beers and wines to be sold in Alabama:

- [SB 132](#) by Sen. Bobby Singleton, D- Greensboro, allows for the sale of imported and gourmet beers with alcohol contents as high as 13.9 percent. According to Free the Hops, a statewide group that has pushed the legalization of stronger beer for four years, Alabama, Mississippi and West Virginia have the nation's tightest cap on beer at 6 percent alcohol by volume, with all other states having a higher limit or none. While Singleton's bill heads to the full Senate, the House companion, [HB 373](#) by Rep. Thomas Jackson, D-Thomasville, is to be considered next Wednesday by the House Tourism and Travel Committee.
- [SB 158](#) also by Singleton and [SB 263](#), by Sen. Steve French, R-Birmingham, both deal with the sale of fortified wine.  SB 158 allows any Alcoholic Beverage Control Board licensee to sell fortified wine. Currently, the sale of port, sherry, vermouth and other fortified or "dessert" wines is restricted to licensed liquor stores. The House companion is [HB 254](#) by Rep. Johnny Mack Morrow, D-Red Bay. Current law designates any wine with more than 14.9 percent alcohol by volume as a fortified wine and any wine with a lower alcohol content as a table wine. French's bill would raise the threshold for fortified wine to 16.5 percent alcohol by volume, thus allowing more wines to be sold at stores that sell beer and wine but are not licensed to sell liquor. Rep. Greg Canfield, R-Vestavia Hills, introduced the House companion, [HB 448](#), on Tuesday.

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## SMOKING/TOBACCO

### Senate Committee to Consider No Smoking Bill Next Week

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

*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**

The Senate Education Committee will consider a statewide ban on smoking in public places at 12:30 p.m. Tuesday in the Joint Briefing Room on the eighth floor of the Alabama State House. [\*\*SB\*\*](#)



[\*\*130\*\*](#) by Sen. Vivian Davis Figures, D-Mobile, bans smoking in enclosed workplaces and indoor areas open to the public such as restaurants, bars, stores and other businesses, malls, convention facilities, sports arenas and health-care facilities. Someone smoking in a restricted place would face a \$50 fine per violation. Thursday, Rep. Mary Sue McClurkin, R-Pelham, introduced the companion bill, [\*\*HB 490\*\*](#), which has been assigned to the House Government Operations Committee.

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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](#)

or join the conversation on Facebook at

[facebook.com/speakersjobscommission](https://facebook.com/speakersjobscommission)

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### **House Judy to Consider Bill Dealing with Minors and Tobacco**

Wednesday, the House Judiciary Committee will consider [\*\*HB 391\*\*](#) by Rep. Laura Hall, D-Huntsville, which would make it illegal for a minor to use false identification to buy tobacco products, increase the penalties for possession of contraband tobacco, prohibit the sale of tobacco products through a self-service display and require stores to post signs stating the sale of tobacco products to anyone under the age of 19 is prohibited. The Senate Judiciary Committee has yet to hear the Senate companion, [\*\*SB 113\*\*](#) by Sen. Larry Means, D-Attalla.

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## **CAMPAIGN FINANCE AND ELECTIONS**

### **For 8th Year, House Votes to Ban PAC-to-PAC Transfers**

On a vote of 98-0, the Alabama House of Representatives on Thursday approved [\*\*HB 154\*\*](#) by Rep. Jeff McLaughlin, D-Guntersville. This bill would make transfers between political action committees unlawful with the exception of transfers from a PAC to a principal campaign committee. Similar legislation has made it as far as a conference committee, but has never passed both chambers. This legislation now moves to the Senate Constitution and Elections Committee for consideration.

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### **Black Introduces Judicial Election Bills**

Rep. Marcel Black, D-Tuscumbia, has introduced a number of bills by related to judicial elections:

- [HB 126](#) establishes retention elections for appellate judges who have served at least one full term and creates the Judicial Evaluation Commission to evaluate the performance of an appellate judge seeking re-election. The bill also establishes nonpartisan election procedures for Alabama's appellate courts.
- [HB 127](#) makes all appellate judicial races nonpartisan, but does not include language about retention elections or a judicial evaluation commission. Both this bill and HB 127 have been assigned to the House Constitution and Elections Committee.
- [HB 128](#) would establish nominating committees, which would fill all state judicial office vacancies. The makeup of the nominating committees almost guarantee that the committees would heavily favor trial lawyers. This bill awaits action in the House Judiciary Committee. The Senate companion, [SB 100](#) by Sen. Rodger Smitherman, D-Birmingham, has been assigned to the Senate Constitution, Campaign Finance, Ethics and Elections Committee.



**ARA opposes any legislation to change the current election method for appellate judges.**

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### **England Introduces Judicial Contribution Limitations**

Rep. Christopher England, D-Tuscaloosa, wants to limit cash or in-kind contributions to any candidate seeking a judicial office to \$500 per election, and provide for a mechanism to increase that amount in future years for the effects of inflation. His bill, [HB 55](#), is pending in the House Constitution and Elections Committee.

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## **ECONOMIC DEVELOPMENT**

### **Bills to Give Tax Credits for Job Creation**

Rep. Duwayne Bridges, R-Valley, has introduced two of Gov. Bob Riley's proposals to boost economic development in Alabama:

- [HB 482](#) establishes a Targeted Job Creation Tax Credit for businesses that create jobs in the 25 Alabama counties identified by the Department of Industrial Relations as having the highest annual

unemployment rate for the year the job is created.

Those businesses would receive an income tax credit equal to \$500 per new job created. If approved, this tax credit would be effective for the tax years beginning on or after Jan. 1 of the current year.

- [HB 483](#) provides a Back to Work Income Tax Credit for employers who hire and employ anyone currently receiving unemployment compensation from the state. That credit also would be \$500 for each qualified employee. *"This is a small incentive to lure employers to hire someone off the unemployment rolls,"* Riley's Chief of Staff Dave Stewart said.



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## NEXT LEGISLATIVE DAY

### 2010 SESSION BEGINS IN JANUARY

Law makers will return for the first legislative meeting day of the 2010 regular session at noon **Tuesday, Jan. 12, 2010**. ARA will keep you informed should the governor call law makers back for a special session between now and then.

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## FEDERAL

### Congress Set for Final Approval of Stimulus

House Gives Its Nod; Senate Up Next

The U.S. House of Representatives today approved [H.R. 1](#), the American Recovery and Reinvestment Act, an almost \$790 billion economic stimulus plan by a 246-183 margin. The U.S. Senate was expected to vote on the package of spending and tax cuts today or over the holiday weekend. The measure is expected to reach the president's desk by early next week. The \$790 billion plan combines \$286 billion in tax cuts with \$507 billion in spending and money for social programs, such as the Medicaid health insurance program.

The bill being considered at press time:

- provides a five-year carryback for 2008 net operating losses for companies with gross receipts of \$15 million or less;
- provides a 50 percent depreciation bonus for capital expenditures incurred in 2009;
- allows businesses to claim Expanded Work Opportunity Tax Credits (WOTC) equal to 40 percent of the first \$6,000 of wages paid to employees from

certain groups that the bill expands to include recently discharged, unemployed veterans and disadvantaged youth;

- allows certain businesses to recognize cancellation of debt income over 10 years for specified types of business debt repurchased after Dec. 31, 2008, and before January 1, 2011; and
- provides up to 33 weeks of extended unemployment benefits (through Dec. 31) to workers exhausting their regular benefits, and increases the benefit amount by \$25 per week.

Most state and local officials say their ability to balance their budgets depends on Alabama's portion of the stimulus package, which is expected to be \$3 billion: \$609 million for fiscal stabilization of education programs in Alabama, \$850 million for Medicaid, and \$541 million for highways and bridges. The governor already has received more than \$5 billion in requests for the federal economic stimulus money from communities all over Alabama. The state will have to move quickly to obtain some of the funds once Congress act. Even though he admits the state needs the money that will result, Gov. Bob Riley this week complained the package favors bigger states, especially in how it divides up nearly \$87 billion to shore up state Medicaid programs. He also objects to the bill's clause requiring American products be used in public works projects funded by the bill, saying it would hurt foreign-owned companies located in Alabama.

*"For the life of me, I don't understand why any elected official in Alabama would say that the stimulus package wouldn't be good for Alabama,"* state Rep. John Knight, D-Montgomery, who chairs the budget committee that oversees funding for state agencies other than education, said earlier this week. However, Knight, like the governor and state congressional leaders who oppose the plan, said Alabamians *"shouldn't think the federal stimulus plan is going to solve the state's budget problems."*

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## **Lead-Phthalate Standards Went Into Effect Tuesday**

### **Government Finally Provides Guidance**

If you haven't already done so, get any children's products off your store shelves that could contain unhealthy levels of lead or phthalates, the chemicals used to make plastics and vinyl soft and pliable.

### **[The Consumer Product Safety Improvement Act of](#)**

**[2008](#)** became effective Tuesday. The Consumer Product Safety Commission finally this week offered some guidance

to retailers and others involved with products intended for children 12 years old and younger.

Two documents that may shed some light on how you as a retailer are to comply with this new federal law are:

- [A Guide to the Consumer Product Safety Improvement Act \(CPSIA\) for Small Businesses, Resellers, Crafters and Charities](#)
- [A draft guidance for meeting phthalates requirements intended to help manufacturers, importers, retailers and consumers determine what products are covered by the phthalate limits](#)

**This act covers products as widely varied as toys, books, all terrain vehicles, pacifiers and clothing.**

**If there is a question about not meeting the new safety standards, retailers should remove the questionable children's products from their shelves. Retailers also should demand test data from manufacturers and importers to prove that products meet the standards.**

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### **Peanut Product Ordeal Continues**

Peanut butter safety was the subject of a congressional hearing this week and all products ever shipped from a Texas peanut plant were recalled Thursday.

The president of the Peanut Corp. of America and the manager of its Blakely, Ga., plant refused to testify Wednesday during a congressional subcommittee hearing. That plant has been linked to a nationwide outbreak of salmonella poisoning that has affected 600 people, killing nine. A U.S. Food and Drug Administration report found that the company shipped products that tested positive for salmonella 12 times in a year. To date, more than 1,800 products have been recalled as a result, according to the FDA Web site.



Thursday, the Texas Department of State Health Services ordered the recall of all products ever shipped from PCA's plant in Plainview, Texas, after discovering dead rodents, rodent excrement and bird feathers in the plant.

The Justice Department is looking into criminal charges against the company. Federal law forbids producing or shipping foods that can affect the health of consumers.

FDA officials told federal lawmakers that peanut butter may be singled out for special attention as agency inspectors will

start routinely collecting samples of peanut butter and other foods for bacterial testing whenever they go into a facility. Currently that's done only if officials suspect a problem.

Meanwhile, jarred peanut butter sales during the four weeks ending Jan. 24 dropped 22 percent from the same period the previous year, according to The Nielsen Co., even though major brands of peanut butter sold in jars are not part of the recall. The recalled products include peanut butter crackers, cookies, ice cream and even pet food.

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