

From Montgomery  
to Washington,  
ARA is there  
to benefit you!

Friday, January 22, 2010

## Time to Educate Senators

### Tell Your Senator Now is Worst Time for UC Tax Increase

For the second year, **ARA and the Business Associations' Tax Coalition**, 30 business and trade associations committed to responsible tax policy, stand firmly **in opposition** to a legislative proposal to accept a one-time federal payment of \$100.5 million while expanding unemployment benefits permanently, resulting in **an ANNUAL \$42 million tax obligation for employers**. With our state still weighed down by the Great Recession and experiencing record-breaking 11 percent unemployment, **SB 11** by **Senate President Pro Tempore Rodger Smitherman, D-Birmingham**, would only make it more difficult for retailers and other employers to begin hiring again. Simply put, it is a job killer.

SB 11, which the Senate Business and Labor Committee approved last week, is in position to be considered by the full Alabama Senate at any time. The Senate bogged down this week in debate over a \$1 billion road and bridge construction bill. Once that issue runs its course, the unemployment compensation tax increase could come up for debate.

### ASK YOUR SENATOR TO VOTE 'NO' ON SB 11

Many senators still don't understand how unemployment compensation taxes work. When you speak to your senator take time to explain how **adding unemployment benefits, adds to your unemployment compensation tax bill**. BATC has put together a summary of SB 11 to help you with that explanation.

### >> **BATC Summary of SB 11**

A good place to begin the discussion with your senator would be the increase you received on your

## CRR EXTRAS

### TOP ISSUES

[Tell Senate to Vote 'No' on SB 11](#)

[Panels to Debate Late Fee Increase](#)

[PI Bill Excludes Credit Agencies](#)

[Decongestants Prescription Only Under Bill](#)

[Ban on Policy Against Guns in Vehicles in Hopper](#)

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[Private Ballot Bill Vote Set for Feb. 3](#)

### BILLS

- [HB 003](#)
- [HB 021](#)
- [HB 034](#)
- [HB 304](#)
- [HB 324](#)
- [HB 355](#)
- [HB 364](#)
- [HB 413](#)
- [SB 011](#)
- [SB 024](#)
- [SB 024 Amendment 1 \(ARA\)](#)
- [SB 024 Amendment 2](#)
- [SB 024 Amendment 3](#)
- [SB 253](#)



*"Taxing employers is a disincentive to creating jobs."*

Tom Surtees, Director  
Alabama Department  
of Industrial Relations

current  
unemployment  
compensation tax  
invoice. Earlier this  
week, Alabama  
Department of  
Industrial Relations  
Director Tom Surtees  
related the example  
of a Huntsville  
**business with eight  
employees** that saw  
**its unemployment  
compensation taxes  
go from \$400 in 2009  
to \$3,000 in 2010.**

Like all businesses, Surtees' example moved into the highest rate schedule possible in 2010. Every employer currently pays unemployment taxes based on Schedule D (the most expensive schedule), because record unemployment has drained the Alabama Unemployment Compensation Trust Fund dry. All employers will stay in Schedule D until the Fund, which last week stood at a negative \$155 million, reaches \$500 million. DIR projects **employers will continue paying based on the highest rate schedule possible through 2014, even WITHOUT the expansion** called for in SB 11. Smitherman's bill will only keep employers on the higher payment schedule longer.

Proponents of SB 11 argue that since employers are in the highest rate schedule already, this bill is not at tax increase. **WRONG** . What they don't understand is that within Schedule D, there are 26 different experience rate levels and **any change in benefits moves an employer into a higher experience bracket, which means higher taxes on each person you employ** .

Again using Surtees' Huntsville business example, because the business laid off an employee in 2009, it moved from the lowest experience rate bracket to a higher experience rate within Schedule D. Unemployment compensation taxes are individual to each business based on a formula that takes into account wages paid; the amount of unemployment among current and former employees; the average duration and cost of unemployment benefits paid to all claimants over a three-year period; and costs that have to be shared by all employers. Consequently, **the rate paid is individual to each employer**.

**>> Comparison of 2009 vs. 2010  
unemployment compensation tax rates**

- [SB 281](#)

#### IN THE NEWS

[Alabama's jobless rate jumps to 11% in December](#)

[Alabama economic recovery likely to lag national growth, says economist](#)

[Alabama Legislature likes huge construction plans during election years](#)

[Tuscaloosa may consider ban on guns in city facilities](#)

[ARA member and other businesses look ahead to this year's legislative session](#)

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

#### ARA CONTACTS

[Rick Brown](#)  
President

[Alison Wingate](#)  
Vice President

[Nancy Dennis](#)  
Dir. of Public Relations

[Brett Johnson](#)  
Member Relations Mgr.

#### 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

Allowing part-time employees to collect unemployment, extending benefits beyond the normal period allowed for those training for high-demand occupations, giving benefits to domestic abuse victims who leave their jobs because of the threat of domestic violence and shortening the time worked necessary to qualify for benefits as outlined in SB 11 means many businesses will move into higher experience brackets because more of their employees will qualify for unemployment. **A higher experience bracket translates into a tax increase for the affected employer.**

Because of moving from Schedule C to Schedule D, Alabama employers will pay \$410 million in unemployment taxes in 2010, \$232 million more than they paid in 2009. Smitherman's bill would add another \$42 million expense for employers for each year in perpetuity. **Let your senator know that at a time when businesses struggle every day to stay open, you can't afford more taxes on each of your employees, and you won't be able to hire new employees if this tax on jobs increases.**

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## >> Other News

### ARA LEGISLATIVE AGENDA IN ACTION

#### Committees to Consider Increase in Late Fee for Delinquent Credit

Next week, the Senate and House Banking and Insurance committees will consider an \$8 increase in late fees for delinquent consumer credit payments, a modest increase that ARA has advocated since 2007.

The Senate Business and Insurance Committee will consider [SB 253](#) by [Sen. Wendell Mitchell, D-Luverne](#), at 8:30 a.m. Wednesday, Jan. 27, in the Alabama State House, Room 727; while the House Business and Insurance Committee will consider the companion legislation, [HB 34](#), by [Rep. Craig Ford, D-Gadsden](#), at 1:30 p.m. Wednesday.



*Mitchell*



*Ford*

Currently, a creditor can charge \$10 or five percent of the scheduled payment, whichever is greater up to a cap of \$100, when a credit payment is 10 days late. That has been the case since 1997, when the Alabama Legislature increased the late charge from \$5. Obviously, the cost to a creditor for collecting delinquent payments has increased in the past 13

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](mailto: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.

#### 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](#).

years. As part of [ARA's 2010 State Legislative Agenda](#), your association is asking for an increase to \$18, which is still low compared to what out-of-state banks and credit-card companies can assess.

In 2007, the fee was increased to \$18 under the Alabama Small Loan Act, which applies to businesses that make loans of less than \$1,000. Mitchell's and Ford's legislation would apply the same fee to the Alabama Consumer Credit Act, also known as the Mini Code, which governs loans of \$1,000 to \$2,000. Their legislation would put transactions in which consumers buy on credit on the same late fee schedule as small loans.

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## EMPLOYEE BACKGROUND CHECKS

### Private Investigator Bills to Exclude Credit Reporting Agencies

#### ARA Suggested Change to Bills

The Alabama Retail Association successfully convinced sponsors of legislation to regulate and license private investigators to exempt consumer reporting agencies.

Tuesday, the Senate Governmental Affairs Committee approved [SB 24](#) by [Sen. Del Marsh, R-Anniston](#), on a 7-0 vote after adding three amendments, including the [exemption ARA recommended](#). The bill now awaits consideration by the full Senate.



Marsh



McClendon

Credit agencies, which conduct employee and tenant screenings, fall under the Federal Fair Credit Reporting Act, which limits how information can be provided to those agencies. Most state private investigator laws specifically exempt consumer reporting agencies as they are already regulated. Unlike private investigators, credit agencies act with the knowledge and consent of the consumer.

The companion legislation, [HB 324](#) by [Jim McClendon, R-Springville](#), is pending in the House Government Operations Committee. McClendon has also agreed to exempt consumer reporting agencies.

## 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 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**

## PHARMACY ISSUES

### Legislation Proposes Prescriptions-Only Decongestants

Three Drugs Used in Meth Would Be Schedule III Narcotics

Thursday, [Rep. Micky Hammon, R-Decatur](#), introduced legislation that would require products containing ephedrine, pseudoephedrine and phenylpropanolamine to be sold by prescription only. [HB 413](#), which has 67 co-sponsors, mandates the State Board of Health classify these nasal decongestants and stimulants, which also serve as a key ingredient in methamphetamine, as Schedule III narcotics. Currently, such products can be purchased without a prescription but are kept behind the pharmacy counter. Consumers must present identification and their purchases are subject to strict logging and storage requirements. Under this legislation, the board could only exempt a product containing any of these substances from classification as a controlled substance if the product is formulated in such a way to prevent converting the active ingredient into methamphetamine or its salts or precursors. Currently such technology does not exist. The bill awaits action by the House Health Committee.



The state of Oregon has passed similar legislation. It also is being considered in Mississippi and by several local governments across the country.

Cold medicine manufacturers contend a real-time tracking system would be more effective than making the products commonly used by cold and allergy sufferers available by prescription only. Such tracking systems have been approved in Oklahoma, Kentucky, Arkansas, Iowa, Illinois, Kansas, Louisiana and Missouri.

Alabama's attorney general is working with other groups, including ARA, on legislation to require electronic tracking of these products. The drug manufacturers will pay all costs associated with the program. Expect electronic tracking legislation to be introduced in the coming weeks.

Please [contact ARA Vice President Alison Wingate](#) with any concerns about these bills.

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### Under Bill, Insurance Companies to Cover Costs of Audits

Legislation proposed by [Rep. Ronald Johnson, R-Sylacauga](#),

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 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)

would require a health insurance company or other health benefit plan to reimburse pharmacists and other health-care providers for certain costs related to desk audits of health insurance claims. The insurance company would be required to reimburse the provider for direct and indirect costs of providing records and files and other documentation to the health benefit plan when the records are requested for convenience, rather than in relation to an initial claim or an appeal of the claim. [HB 304](#) awaits action by the House Health Committee.

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### **Pharmacists Can Give Yellow Fever Vaccines, Under Bill** Health Department Hearing Set for Thursday, Feb. 4

The Senate Health Committee has scheduled a public hearing for Thursday, Feb. 4, on a bill authorizing licensed pharmacists to dispense yellow fever vaccines. [Sen. Kim Benefield, D-Woodland](#), is the sponsor of [SB 281](#). The last epidemic of yellow fever in North America occurred in New Orleans in 1905, according to the Centers for Disease Control and Prevention. The disease, spread by mosquitoes, is prevalent in Africa and South America.

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## **WORKPLACE POLICIES**

### **Ban on Policies Against Guns Locked in Vehicles Returns**

[Rep. Craig Ford, D-Gadsden](#), has brought a revised version of legislation he sponsored last year that would prohibit employer policies that say employees and customers cannot store lawfully possessed firearms in a locked vehicle in a public or private parking area, including an employee parking lot or facility. [HB 364](#) does not apply to company vehicles and unlike the bill introduced last year, does not carry criminal or civil penalties. It awaits action by the House Commerce Committee.

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## **WORKERS' COMPENSATION**

### **Mitchell Proposes Removing Cap on Workers' Comp Coverage**

For the third time in as many years, [Rep. Joseph Mitchell, D-Mobile](#), wants to remove the \$220 weekly cap for partial disabilities and allow an employee to claim that an injury to one part of the body affects another, thus claiming disability on both. [HB 21](#), similar to bills Mitchell proposed in 2008 and

2009, has been assigned to the House Commerce Committee. The National Council on Compensation Insurance estimates Mitchell's bill could increase Alabama's overall workers' compensation costs by almost 5 percent, or about \$43 million. [ARA opposes this legislation.](#)

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## MANDATES

### [Coleman Wants Most Stores, Restaurants to Have Defibrillators](#)

For the third year, [Rep. Merika Coleman, D-Birmingham](#), has introduced legislation that would require any business that serves or admits more than 1,000 customers monthly to have an automated external defibrillator. These devices, which range in price from \$1,000 to \$3,000, can restart the heart of a person in cardiac arrest. The devices require training specific to their operation as well as cardiopulmonary resuscitation training. Currently, if a business has a defibrillator, it is required to notify local emergency services of the type defibrillator it owns and where the business is located. The same requirements would apply to the defibrillators mandated under [HB 355](#), but the Alabama Department of Public Health would be responsible for administration and enforcement. The legislation awaits action by the House Government Operations Committee.

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## CAMPAIGN FINANCE AND ELECTIONS

### [Committee Delays Vote on Private Ballot Bill](#)

The House Constitution and Elections Committee heard arguments Wednesday for and against [HB 3](#) by [Rep. Greg Canfield, R-Vestavia Hills](#), a constitutional amendment that would require secret ballots in all public referenda or in employee representation votes. The committee won't take a vote on the amendment until at least Feb. 3.

This legislation, in part, is in response to federal legislation pushed by labor unions to force employees to forego secret ballot in union representation elections, exposing employees to intimidation and coercion. ARA and an alliance of other state business groups support the right to a private ballot in all elections and support efforts to guarantee that right. The business group testified in favor of Canfield's legislation, while union representatives testified against it during Wednesday's public hearing.

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## **NEXT LEGISLATIVE DAY**

**The Alabama Legislature will meet for organizational purposes beginning Jan. 11, 2011. The Alabama Senate and House will meet in regular session for 30 legislative days between March 1 and June 13, 2011.**

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