

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

Thursday, February 11, 2010

One Third of Session Passes

\$42 Million Annual Tax Increase Waits in Wings

Pressure is Working, Keep Communicating Your Concerns to Senators

The Alabama Senate this week concentrated on required sunset legislation for state boards and agencies, noncontroversial legislation and bailing out the Prepaid Affordable College Tuition program. Senators did not take up a proposed \$42 million annual tax on jobs, which your Alabama Retail Association and the Business



Associations' Tax Coalition vehemently oppose. Senate leaders said Thursday that the Senate would debate gaming legislation next week and meet three instead of two days to fully air that issue. [SB 11](#) by [Senate President Pro Tem Rodger Smitherman, D-Birmingham](#), however, could surface unannounced in the Alabama Legislature's upper chamber at any time. The Alabama Legislature this week completed one third of the legislative days in its regular session.

It appears your opposition to this job-killing legislation has resonated with at least some senators as one prominent Senate Democrat has changed his vote to "No" and another talked this week about being fair to employers in relation to this proposal to accept a one-time federal payment of \$100.5 million while expanding unemployment benefits permanently.

Continue to talk to your senator about why a \$42 million annual increase in unemployment compensation taxes won't help your business hire new employees or rehire those you may have had to let go over the past two years.

CRR EXTRAS

TOP ISSUES

[Coalition Forms Against Guns-to-Work Bills](#)

[House Panel to Consider Electronic Ephedrine Tracking](#)

[Governor Touts Jump Starting Jobs](#)

[Continue to Apply Pressure Against Jobs Tax](#)

[Coleman Advocates Vacation/Sick Leave Mandate](#)

[Bill: No E-Verify; No Business License](#)

[\\$4 Trillion Budget; Jobs Bill on Federal Front](#)

BILLS

- [HB 090](#)
- [HB 163](#)
- [HB 181](#)
- [HB 364](#)
- [HB 528](#)
- [HB 557](#)
- [HB 559](#)
- [SB 011](#)
- [SB 312](#)
- [SB 360](#)
- [SB 405](#)
- [SB 407](#)
- [SB 421](#)

Talk to your senator, even if he or she stands with business against the bill, as did [Sens. Del Marsh, R-Anniston](#), and [Senate Minority Leader J.T. "Jabo" Waggoner, R-Vestavia Hills](#), who led the Republican opposition to similar legislation last year. Your input will help those senators formulate their opposition and encourage them to continue to lead the fight. Also thank [Deputy President Pro Tem Wendell Mitchell, D-Luverne](#), who [last week told a group of Prattville business owners that he will vote against SB 11](#). Mitchell had voted for the legislation in committee and in votes taken last year. [Senate Floor Leader Zeb Little, D-Cullman](#), earlier this week admitted business people in his district are concerned how SB 11 will impact their businesses. "I will work with business groups to make sure this legislation is not unfair to business," Little said.

[>> Summary of SB 11](#)

>> Other News

PHARMACY ISSUES

Electronic Tracking of Ephedrine Purchases Proposed

This week, [Rep. Frank McDaniel, D-Albertville](#), and [Sen. Lowell Barron, R-Fyffe](#), introduced legislation that would require electronic tracking of over-the-counter products containing



ephedrine and pseudoephedrine, key ingredients used in the production of methamphetamine. **Alabama's attorney general has worked with ARA and other groups to develop this legislation.** ARA has been supportive of the effort as a means of discouraging lawmakers from mandating prescription-only status for these widely used nasal decongestants. The overall goal of the legislation is to permit the legal use of these products, while keeping them from being used in an illegal manner.

The House Judiciary Committee is scheduled to debate [HB 528](#) at 9 a.m. Wednesday, while [SB 407](#) has been assigned to the Senate Health Committee.

Under the bills, beginning Jan. 1, 2011, retailers would have to submit the name, address, date and time of sale as well as the name and quantity of the ephedrine or pseudoephedrine product being purchased to an electronic verification system paid for by the drug manufacturers. There would be no cost to retailers or the state. If the system issues a stop sale alert,

[Some unemployment compensation benefits not worth expanding](#)

[Bingo bill on fast track to Senate action](#)

[Pressure grows to use bingo as revenue source](#)

[Baucus, Grassley propose new jobs bill](#)

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@alhouse.org](#)

Those without e-mail addresses can be reached

the retailer is to discontinue the transaction. Continuing with the sale when notified by the system that the purchaser cannot legally buy the medication would result in increasing misdemeanor charges with each infraction. There is an exception for instances when the retailer fears bodily harm.

Similar tracking systems have been approved in Oklahoma, Kentucky, Arkansas, Iowa, Illinois, Kansas, Louisiana and Missouri.

Public Hearing Set for Health Care Rights of Conscience Act

The Senate Health Committee has set a public hearing for Thursday, Feb. 18, for [SB 312](#) by [Sen. Rusty Glover, R-Semmes](#). This legislation would give healthcare providers, institutions and payers the right to refuse to perform or participate in healthcare services that violate their conscience and would protect them from discrimination based on exercising that right. It also would prevent pharmacy and other healthcare employers from disciplining an employee who deviates from established company policies or procedures and contains a provision that says the act would not shield anyone from liability for denying services based on race or disability. Resolving the dilemma of how to make certain a patient has access to appropriate drug therapy as determined by their prescribing practitioner, while allowing pharmacists to follow their conscience, is complex and should be independent of governmental mandates. Two other similar bills have been introduced in the Senate. **ARA will continue to monitor this legislation.**

WORKPLACE POLICIES

Coalition Forms to Oppose "Guns-To-Work" Legislation

As reported here previously, [Rep. Craig Ford](#), D-Gadsden, and [Sen. Roger Bedford](#), D-Russellville, have again introduced "Guns-To-Work" legislation. Similar legislation introduced last year caused major concern for the business community as it would infringe on employers' efforts to provide safe workplaces for their employees and a safe environment for their customers and clients.

[HB 364](#) and [SB 360](#) prohibit an employer, individual, tenant, business or other property owner from establishing a policy that would restrict those who lawfully possess a firearm from storing such weapons in a locked vehicle in a public or private parking area, including an employee parking lot or facility.

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



Your Business Can Save

As the business community has moved toward developing policies regarding firearms on company property, the National Rifle Association of America has advanced similar bills in other state legislatures. The NRA lobbyist told the Senate Finance and Taxation General Fund Committee on Wednesday that 12 states already have approved such legislation, and it is pending in five others.

As written now, neither bill applies to company vehicles nor vehicles in power company parking lots. The NRA lobbyist told the Senate committee members that his client would not accept any exemptions from the provisions of this legislation other than the two already spelled out in the bills.

The **Alabama Coalition for Safe Workplaces**, which includes the Alabama Retail Association, opposes legislation that infringes on employers' rights to secure company property. The following groups comprise the Alabama Coalition for Safe Workplaces:

- Alabama Bankers Association
- Alabama Poultry and Egg Association
- Alabama Restaurant Association
- Alabama Railway Association
- **Alabama Retail Association**
- Business Council of Alabama
- Norfolk Southern Corporation

Members of the Alabama Legislature need to hear from the business on HB 364 and SB 360, which would infringe on employers' rights to secure their businesses as well as impede efforts to provide a safe work environment for every employee and a safe experience for shoppers, customers and clients. A Senate committee discussed Bedford's bill Wednesday. It could reach a committee vote next week.

If your business or organization would like to join this coalition, please contact [ARA VP Alison Wingate](#).

Vacation and Sick Leave Policy Mandate Proposed

[Rep. Merika Coleman, D-Birmingham](#), has introduced legislation that would require Alabama employers to give 8.4 hours of sick time for every 80 hours worked if an employee works more than 2,060 hours annually. Employees would be allowed to use sick time for preventive care, sickness in family, and to obtain services related to domestic assault including both legal and medical services. **HB 557** also would require employers to keep time sheets for every employee for five years and create a presumption of guilt if the records are not kept. This legislation awaits action in the

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

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

House Commerce Committee. **ARA opposes efforts to mandate employee benefits and wages, believing that benefits and salary are best negotiated directly between an employer and his or her employees.**

Failure to E-Verify = Loss of Business License, Under Bill

HB 559 by [Rep. Mike Hammon, R-Decatur](#), would require a business entity or public employer in Alabama to verify the legal status of every new employee through the federal E-Verify program or other method that reasonably determines the legal status of the new employee. The legislation calls for the suspension of the business license of any business entity after its first violation. All Alabama employers also would have to keep E-Verify records for each employee for three years following that employee's termination, under the bill, which awaits action by the House Judiciary Committee. The Senate companion, **SB 421** by [Sen. Scott Beason, R-Gardendale](#), has been assigned to the Senate Economic Expansion and Trade Committee.

TAXES

Governor Wants Legislature to Jump Start Jobs

Gov. Bob Riley has been traveling the state trying to build support for his "[Jumpstarting Jobs](#)" plan, which calls for up to \$1,500 in tax credits for every unemployed worker hired, additional assistance for businesses in the most economically depressed areas and increased tax deductions for health insurance costs. The goal is to create jobs immediately. The governor has promoted the plan during news conferences in Mobile, Huntsville and the Anniston areas with more events planned for next week.

Here are the basics of the governor's plan:

BACK TO WORK TAX CREDIT

Riley proposes a **Back to Work Tax Credit** that would provide up to **\$1,500 income in tax credits** to employers who hire an Alabama worker who is currently on the state's unemployment roll. It provides a temporary incentive to encourage businesses not only to hire new employees but to fill positions by hiring an Alabamian that is currently without a job. Under the plan, the state would give tax credits on a sliding scale:

- **\$500 credit for every worker hired that earns between \$21,100 and \$30,000 annually (at least \$10.55 per hour but**

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

less than \$15 hourly.)

- \$1,000 credit for every worker who earns between \$30,000 and \$40,000 (at least \$15 per hour but less than \$20 an hour.)
- \$1,500 credit for every worker who earns more than \$40,000 (at least \$20 an hour.)

The job must be created before June 30, 2011, and the tax credit would apply to the year in which the job is created, Riley said. [Rep. Dwayne Bridges, R-Valley](#), has introduced the Back to Work Tax Credit of 2010, [HB 163](#). It awaits action by House Education Appropriations Committee.

TARGETED JOB CREATION TAX CREDITS

[HB 90](#), also by Rep. Bridges, provides \$1,500 in tax credits over three years (\$500 each year) for employers who create jobs in the 25 Alabama counties with the highest unemployment. This incentive should encourage companies to locate in parts of the state that need jobs the most, such as the Black Belt and other rural counties. The bill awaits action by House Education Appropriations Committee.

TAX BREAKS FOR HEALTH CARE

Currently, business owners with fewer than 25 employees can deduct 150 percent of the amount they pay for employee health insurance premiums from their state income taxes. Employees of those same small businesses who earn \$50,000 or less annually also can deduct 150 percent of what they pay for health insurance from state income taxes.

The governor and ARA advocate increasing the tax breaks from a 150 percent deduction to a 200 percent deduction, to strengthen the incentive to create jobs and make health care more affordable for Alabama's small business workers. [HB 181](#) by [Rep. Jay Love, R-Montgomery](#), would accomplish that goal. **This increase is a featured plank in the ARA's 2010 State Legislative Agenda**. This bill also awaits consideration by the House Education Appropriations Committee.

[>> Read ARA's full 2010 Legislative Agenda](#)

Thursday, Democratic [Sen. Larry Means of Attalla](#), introduced the Reemployment Act of 2010, [SB 405](#), which proposes an income tax deduction for businesses that hire someone drawing unemployment or whose unemployment compensation benefits have expired. Such businesses would receive an income tax deduction equal to 50 percent of the gross wages paid to that individual, if that person is retained as an employee for a full year. Mean's bill is pending in the Senate Finance and Taxation Education Committee.

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.

FEDERAL

President Proposes Almost \$4 Trillion Budget

Democrats Add Jobs Bill to Mix

President Obama has presented Congress with a \$3.8 trillion budget proposal. In comparison, President George W. Bush's 2008 budget was \$2.9 trillion. The current administration's spending plan would implement many of the initiatives first unveiled in Obama's State of the Union address, when he emphasized efforts to help the nation recover from the two-year-old economic recession. The president's budget includes:

- Transferring \$30 billion from the Troubled Asset Relief Program to a new Small Business Lending Fund that would support small and medium-sized banks that make loans to small businesses.
- Setting aside money to make small businesses eligible for tax credits of \$5,000 for each new employee they add in 2010, and reimburse them for payroll taxes on wage increases.
- Eliminating capital gains taxes on investments in small businesses.
- Extending last year's "Making Work Pay" tax credit – which provided \$400 for working individuals making up to \$75,000 a year, \$800 for couples making up to \$150,000 and \$250 for retirees – for another year.
- Renewing Bush Administration tax cuts for individuals making less than \$200,000 and families making less than \$250,000, while allowing the cuts to expire for those above the threshold. Retail groups nationwide are concerned by the elimination of the cuts above the threshold, because it would affect many small retailers whose business income is counted as personal income.
- Permanently freezing the estate tax at its 2009 rate of 45 percent with a \$3.5 million exemption for individuals and \$7 million for married couples. Treasury Secretary Timothy Geithner told the Senate Finance Committee during a hearing this week that Obama wants the levels made retroactive to Jan. 1.
- Allowing for the annual package of "tax extenders" – temporary tax provisions that are renewed year after year – to be renewed through the end of 2011. It is unclear whether

a provision allowing retailers to depreciate improvements over 15 years rather than 39 years is included.

- Repealing: a requirement that businesses show personal use of company-provided cell phones as employee income on which workers have to pay tax; last-in, first-out accounting; and lower of cost or market. The economic substance doctrine would be codified, the 0.2 percent unemployment insurance surtax would be made permanent and certain workers would be reclassified as employees rather than independent contractors.

The U.S. Senate also will soon begin considering another \$85 billion jobs bill. Reuters reports the bill would include so-called Build America Bonds, business tax credits and highway construction. Democrats said they favor a limited bill, one they believe could win Senate passage, rather than a broad measure that could get stalled. Other sources are reporting the bill would include exemptions on payroll taxes for businesses that hire the unemployed. ARA will continue to update you on this legislation as it takes shape.

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