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CRR EXTRAS

Friday, March 26, 2010

Lawmakers Begin to Tackle State's Budgets

Floor Debate on Spending Plans Could Start Next Week

Alabama's Education and General Fund Budgets on Table

Alabama's two operating budgets for 2011 saw their first action this week with both receiving committee approval. With only eight more legislative days remaining in the Alabama Legislature's 2010 regular session, the budgets are expected to dominate the discussion in the final days.

The House Education Appropriations Committee on Wednesday approved a \$5.48 billion education budget ([HB 274](#)) that is 3 percent greater than the current year's spending plan. Alabama Superintendent of Education Joe Morton told the budget committee he doesn't expect additional proration for the education budget this fiscal year.

The Senate Finance and Taxation-General Fund Committee voted unanimously Wednesday to approve a \$1.5 billion General Fund budget ([SB 303](#)), exactly as the governor recommended it. [Committee Chairman Roger Bedford, D-](#)



Acting Finance Director Bill Newton says to expect General Fund proration in excess of 12 percent.

[Russellville](#), said the governor's budget is just a vehicle to get the spending plan to the Senate floor, where he hopes to offer a revised version next week. Acting Finance Director Bill Newton said earlier in the week that he expects proration of the General Fund to be in excess of 12 percent. With the exceptions of Medicaid, corrections and the court system, state agencies were told to expect 22 percent of their funding for each of the first three quarters of the year instead of the full 25 percent. That decision was in anticipation of proration. The state reaches the midpoint of its fiscal year on April 1.

TOP ISSUES

[Federal Mandate for Health Insurance Now Law](#)

[Pseudoephedrine Tracking Law in Alabama in 2011](#)

['Guns-to-Work' Effectively Dead](#)

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[Sunday Sales Could Be on Way for Tuscaloosa](#)

[Federal Tax Break for Hiring Unemployed in Place; State Version Headed to Final Approval](#)

[Statewide Smoking Ban in Restaurants to Get Hearing](#)

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[House Panel Tries to Correct COOL](#)

[New Federal Rules Set for Gift Cards](#)

BILLS

- [Act 2010-215](#)
- [HB 171](#)
- [HB 260](#)
- [HB 274](#)
- [HB 565](#)
- [HB 615](#)
- [HB 659](#)
- [HB 700](#)

Despite the tight budget situation, "the Legislature has no aptitude for any new revenue-raising measures," [Senate Rules Committee Chairman Lowell Barron, D-Fyffe](#), said this week. "There aren't even any discussions of any."

>> Other News

WORKPLACE POLICIES

House Panel Carries Over Senate 'Guns-To-Work' Bill

The House Commerce Committee on Wednesday voted to carry over [SB 360](#) by [Sen. Roger Bedford, D-Russellville](#), which would forbid retailers and other businesses from having policies that prevent employees or customers from keeping licensed firearms locked out of sight in their vehicles in the businesses' parking lots or parking facilities. The committee's action has effectively killed the legislation for this session. In an earlier public hearing, several members of the committee said the timing of the legislation was poor in light of recent fatal workplace shootings in Alabama.

The [Alabama Coalition for Safe Workplaces](#), which includes the [Alabama Retail Association](#), [opposes this legislation](#), which infringes on employers' rights to secure company property and has the potential to put many small employers in violation because they use boilerplate employment manuals, which often prohibit firearms on company property, including the parking lot, without the business owner even being aware his business has such a policy.

PHARMACY ISSUES

Riley Signs Electronic Tracking of Pseudoephedrine into Law

Monday, Gov. Bob Riley signed into law [ARA-backed legislation](#) that requires electronic tracking of over-the-counter products that contain ephedrine and pseudoephedrine, key ingredients in the production of the illegal drug, methamphetamine.

The tracking system called for in [Act 2010-215](#) should be in place by the first of next year. Drug manufacturers will provide the needed equipment at no cost to pharmacy retailers.

Under the new law, prior to making a sale, retailers will enter identifying information for those who wish to purchase nonprescription ephedrine or pseudoephedrine products into the electronic database, once that database is available.

- [HB 720](#)
- [SB 303](#)
- [SB 360](#)
- [SB 405](#)
- [SB 514](#)
- [SB 531](#)

[USHR 2847](#)

[USHR 3590](#)

[USHR 4872](#)

IN THE NEWS

[Alabama House to address education budget Tuesday](#)

[Alabama House panel OKs education budget with \\$5.48 billion from Education Trust Fund](#)

[Morton: No more 2010 proration](#)

[Alabama Senate committee approves unchanged general operating budget](#)

[Expected proration hurting agencies](#)

[Alabama growth will be a little stronger in 2010, bank economists say](#)

[Alabama has more people with jobs but unemployment rate stays the same](#)

[ARA-supported bill to combat meth passes](#)

[Sunday alcohol bill sent to Riley](#)

[Alabama Legislature has two anti-smoking bills before it](#)

[Alabama small businesses wary of insurance changes](#)

[Obama signs health-care reform bill](#)

[Congress approves 'fixes' to health-care law](#)

The database will then notify the seller if the purchaser has exceeded the monthly limit for such purchases. Certain ephedrine and pseudoephedrine products already must be stored behind the counter and customers cannot buy more than six grams in a 30-day period. Those restrictions remain in place. Currently, those sales are logged manually by each retailer. Once the electronic system is in place, retailers no longer will have to maintain the paper system, unless there is an equipment malfunction.

Continuing with a sale when notified by the system that the purchaser cannot legally buy the medication will result in increasing misdemeanor charges with each infraction. The new law does make an exception for when the retailer fears bodily harm.

All law enforcement agencies will have access to the database information in real-time, allowing them to more effectively gather data and stop the criminals who have been circumventing the law by going from store to store to buy these common decongestants and convert them into an illegal substance.

The Alabama Retail Association thanks [Rep. Frank McDaniel, D-Albertville](#), and [Sen. Lowell Barron, D-Fyffe](#) the legislation's sponsors, for their leadership in getting this system enacted into law.



McDaniel



Barron

ALCOHOL

Tuscaloosa Sunday Sales Referendum on Governor's Desk

The Alabama Senate voted 19-2 Tuesday to give final approval to [HB 565](#) by [Rep. Chris England, D-Tuscaloosa](#), which would allow the city of Tuscaloosa to vote on Sunday alcohol sales. [Sens. Phil Poole, D-Tuscaloosa](#), and [Charles Bishop, R-Arley](#), both of whom represent at least a portion of Tuscaloosa County, voted against the bill. The bill is now on Gov. Bob Riley's desk. He has not indicated whether or not he will sign it. The governor has 10 days to consider the bill. His choices are to send it back to the Legislature with suggestions, sign it into law or allow it to become law without his signature.

If the bill becomes law, the Tuscaloosa City Council has 30 days to set a referendum. If the council, which made this bill

[Jo Bonner backs suit to block health insurance mandate](#)

[Attorney General Troy King and Rep. Spencer Bachus challenge constitutionality of health care law](#)

[Alabama Republicans to make blocking health care plan a priority](#)

[Bill to block new health care law in Alabama stalls](#)

[Riley: Cost of national health care plan too high for Alabama](#)

[Davis says health-care bill too expensive](#)

[Entire Alabama House delegation, Democrats included, votes 'no'](#)

[642,000 Alabamians without health insurance would be able to get coverage](#)

[What does the health-care law mean to me?](#)

[Social Security to see payout exceed pay-in this year](#)

[Calorie data to be posted at most chains](#)

[Fed cracks down on gift card abuses](#)

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](#)

part of its legislative agenda, sets an election date, voters then would have the choice of whether to allow liquor sales between noon and 9:30 p.m. on Sundays. When New Year's Eve falls on a Sunday, the legal sale time would be between noon Sunday and 2 a.m. Monday, under this bill. Restaurants, bars, grocery stores and other retailers licensed by the city and the Alabama Alcoholic Beverage Control Board would be able to sell alcohol on Sundays, just as they do the rest of the week.

TAXES

Tax Break for Hiring Unemployed Ready for Senate Final OK

The Senate Finance and Taxation-Education Committee on Wednesday unanimously approved the Reemployment Act of 2010, which would provide tax breaks to businesses that hire people receiving unemployment compensation benefits. Legislative fiscal experts expect the measure would reduce income tax liability of an employer by about \$325 for each \$10,000 in wages paid to a qualifying employee earning at least \$14 an hour. Both House and Senate versions of the legislation now go to the full Senate for consideration. Congress in recent weeks enacted tax breaks for hiring the unemployed (See FEDERAL).

The Alabama House of Representatives already has given its approval to **HB 260** by [Rep. Robert Bentley, R-Tuscaloosa](#), which allows a business to deduct up to 50 percent of the wages paid to any employee hired off the unemployment rolls who is then employed full time (37.5 hours weekly) for a full year. That bill could receive final approval if the Senate takes it up in the eight meeting days remaining in the 2010 regular session.

The committee also approved the almost identically worded **SB 531** by [Senate President Pro Tem Rodger Smitherman, D-Birmingham](#). The official Senate companion bill, **SB 405** by [Sen. Larry Means, D-Attalla](#), is still pending before the committee.

All three bills provide a graduated deduction for tax years 2011 and 2012 based on the amount of wages paid. The allowable deductions would be:

- 50 percent for wage rates \$14 per hour and above;
 - 40 percent for wage rates between \$12 and \$14 per hour;
 - 35 percent for wage rates between \$10 and \$12 per hour;
 - and no deduction for jobs paying less than \$10 per hour.
-

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
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

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.

LEGAL ISSUES

House Judiciary OKs Concealing Unemployment Comp Facts

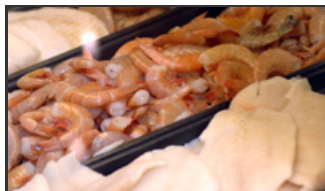
Wednesday, the House Judiciary Committee approved [HB 700](#) by [Speaker Pro Tempore Demetrius Newton, D-Birmingham](#), which would exclude findings of fact made under unemployment compensation statutes from consideration as evidence in other proceedings. The bill would preclude an employer from using an employee's previous statements and findings in court in certain cases. It would keep employers from using the evidence in any proceeding, even if it is the same occurrence or transaction and between the same parties. For instance, it would prohibit the release of a finding that an employee was terminated for cause and not entitled to unemployment. This bill also would prohibit the use of such prior findings in a retaliatory discharge case.

The Senate companion [SB 514](#) by [Sen. Quinton Ross, D-Montgomery](#), awaits action by the Senate Judiciary Committee. **ARA will continue to monitor this legislation.**

FOOD SERVICE

House Panel Attempts to Correct Country of Origin Law

The House Agriculture and Forestry Committee gave a favorable report Wednesday to [HB 171](#) by [Rep. Spencer Collier, R-Irvington](#), an



amendment to the current law, which requires food service operators to reveal the country of origin of all fish served, if customers ask. The bill now goes to the full House for consideration.

The 2009 law mandates food service establishments inform customers of the country-of-origin for ALL the seafood they sell, if customers ask. The state law, however, excludes those who don't have to label country of origin under federal law. There are differing opinions as to whether or not food products delivered to restaurants have to be labeled. Because of the confusion, the Alabama Department of Public Health has yet to develop rules for enforcement, even though the law went into effect Jan. 1.

Collier also has introduced [HB 659](#), which takes the 2009 law a step further and requires labeling of all fish and shellfish. A 2009 law requires labeling of catfish served. HB 659 also is assigned to the House Agriculture and Forestry Committee.



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

BENEFIT FROM THE VALUE

**Now, Even More Benefits
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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:

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Processing:**

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**Discounted Inbound and
Outbound Shipping:**

SMOKING/TOBACCO

Statewide Restaurant Smoking Ban Gets Hearing Next Week

The Senate Education Committee, which [Sen. Vivian Figures, D-Mobile](#), chairs, will conduct a public hearing at 8:30 a.m. Wednesday, March 31, on Figures' legislation to ban smoking in restaurants statewide. The bill defines a restaurant as an enclosed facility that primarily serves food. Figures' bill, which has 24 co-sponsors, is much narrower in scope from legislation she introduced annually for more than a decade that sought to ban smoking in all public places. The House Government Operations Committee has yet to place the House companion, [HB 720](#), by [Speaker Pro Tempore Demetrius Newton, D-Birmingham](#), on its agenda. Both bills amend the existing Clean Indoor Air Act.



[State Rep. Mary Sue McClurkin, R-Indian Springs](#), has 11 co-sponsors for her Alabama Smokefree Air Act, [HB 615](#), which would prohibit smoking in all workplaces, restaurants, bars, private clubs and most other public areas, including many outdoor areas. McClurkin's bill, which if adopted would replace the Clean Indoor Air Act, awaits consideration by the House Government Operations 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

Health Insurance Required Under New Federal Law Major Changes to Come in 2014 for Employers

Beginning in 2014, insurance companies must provide health insurance to all who seek insurance, employers with the equivalent of 50 or more full-time workers will have to offer health insurance and almost every American will be required to have health insurance from a public or private source or face penalties.

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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 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://www.facebook.com/speakersjobscommission)

The president signed the Patient Protection and Affordable Care Act ([H.R. 3590](#)) into law Tuesday, and Congress added final provisions to the healthcare reforms late Thursday. The Health Care and



Education Affordability Reconciliation Act of 2010 ([H.R. 4872](#)) now awaits the president's expected signature. None of Alabama's congressional delegation voted in favor of the main healthcare bill. All voted against the reconciliation, except for U.S. Rep. Artur Davis, D-Birmingham, who did not vote.

Employers who have 50 or more employees are required by 2014 to offer coverage to employees or pay a \$2,000 penalty per employee, with the first 30 workers exempted, under the new law. If an employer offers coverage but the coverage is deemed unaffordable to a full-time employee, that employee can opt out to a purchasing exchange. The company would then be assessed \$3,000 for each of those employees up to a cap of \$2,000 for every full-time worker on the payroll. The 50-worker threshold is to be calculated based on full-time equivalents, meaning part-time workers would be counted even though employers are not required to offer them insurance.

By no later than 2014, states will have to set up Small Business Health Options Programs, or SHOP exchanges, in which small businesses will be able to pool together to buy insurance. Small businesses are defined as those with no more than 100 employees, although states have the option of limiting pools to companies with 50 or fewer employees through 2016; companies that grow beyond the size limit will be grandfathered in. Until the SHOP exchanges are set up, tax credits of 35 percent to 50 percent of premiums will be available now to small businesses that offer coverage

A new tax on high-cost employer-sponsored insurance policies begins in 2018. The reconciliation act raises the thresholds at which policies are hit by that tax. The new law also will make it more expensive for companies to offer prescription drug coverage for retirees because companies will receive smaller tax deductions for those benefits.

In 2014, insurers will have to cover everyone, regardless of their health problems. According to an actuarial report commissioned by Blue Cross and Blue Shield of Alabama,

the reform in five years' time will increase family premiums in Alabama by \$3,500 annually for those buying insurance on their own and \$2,800 a year for those getting coverage through small business employers.

The new law also requires that consumers get coverage or face a penalty. The penalty fee starts at \$95 in 2014 or 1 percent of the family income and ultimately rises by 2016 to a range from \$695 to \$2,085, or 2.5 percent of the household income.

The law also expands Medicaid coverage. Under the new guidelines, a family of four with an income of up to \$29,327 – or up to 133 percent of the federal poverty limit – would qualify for Medicaid.

All told, the Congressional Budget Office estimates the legislation will extend health coverage to 32 million Americans now without insurance, including close to 642,000 Alabamians. Among Alabama's residents, 400,000 would qualify for coverage under the Medicaid expansion, which will be about a 50 percent increase in Alabama's federal and state medical program for the poor. Other Alabamians who are uninsured would be able to get insurance starting in 2014 through the state-run insurance exchange, regardless of their health status.

The newly approved plan already faces legal challenges from 14 attorneys general, including Alabama's. The plan also is expected to factor heavily in congressional elections over the next several years and the 2012 presidential election.

CALORIE LABELING FOR CHAINS PART OF NEW LAW

The healthcare law contains language that requires calorie labeling on chain restaurant menus, menu boards, and drive-through displays, as well as on vending machines. The legislation applies to chains with 20 or more outlets, and requires the restaurants to provide additional nutrition information on request. The law sets a new national standard rather than the patchwork of state laws that had begun to develop. States with more stringent laws will be able to maintain those limits.

The law exempts small businesses, and does not apply to daily or temporary specials and customized orders. It requires the U.S. Food and Drug Administration to propose specific regulations within the next year. Those regulations will be finalized through a formal rulemaking process, and the FDA must make quarterly reports on its progress to Congress.

As ordered by Congress, the Federal Reserve this week issued new rules regarding gift cards fees and limits. The new rules take effect Aug. 22. Beginning in August, customers must have at least



five years to use gift cards before the cards expire. The Fed also is limiting the circumstances under which inactivity or service fees can be imposed. Such fees can be charged if:

- the consumer hasn't used the card for at least a year;
- the consumer is given clear disclosures about the fees;
- and no more than one fee is charged a month.

Federal Tax Breaks for Hiring Unemployed Now Law

On March 18, President Obama signed a \$17.6 billion jobs bill that will give businesses tax breaks for hiring the unemployed. The Hiring Incentives to Restore Employment Act, or **HIRE Act**, exempts employers from paying the normal 6.2 percent share of Social Security payroll taxes on new workers hired in 2010 who had been unemployed at least 60 days. Companies also will receive a \$1,000 income tax credit for every new employee retained for at least a year.

The new law also extends 2008 and 2009 Section 179 expensing thresholds that allow companies to write off up to \$250,000 in qualified capital expenditures in 2010 rather than depreciating the costs. Other provisions allow investors to claim federal subsidies for bonds issued for public works projects under a new \$2 billion Build America program, and extend funding for transportation projects through the end of 2010.

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