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CRR EXTRAS

Friday, April 09, 2010

## Tax Break for Hiring Unemployed on Way

### Governor is Expected to Sign Bill into Law

Businesses Will Be Able to Claim Both State and Federal Deductions



Gov. Bob Riley is expected to sign into law the Reemployment Act of 2010, to which the Alabama Senate gave final approval without dissent or

discussion Tuesday. [HB 260](#) by [Rep. Robert Bentley, R-Tuscaloosa](#), allows a business to deduct up to 50 percent of the gross wages paid to any employee hired off the unemployment rolls who is then employed full time (37.5 hours weekly) for a full year. The one-time deduction can only be claimed after a worker has been on the payroll for a year. No job paying less than \$10 per hour qualifies for the deduction.

Legislative fiscal experts expect the measure to 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. The legislation provides 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 of \$14 per hour or more; 40 percent for wages between \$12 and \$14 per hour; 35 percent for wages between \$10 and \$12 per hour; and no deduction for jobs paying less than \$10 per hour.

After the bill's passage Tuesday, [Senate President Pro Tem Rodger Smitherman, D-Birmingham](#), congratulated the body for "creating jobs in a bipartisan manner."

The state law will relate to state income taxes. On March 18, the president signed a federal tax break for hiring the unemployed, which is slightly more immediate than the state legislation. The Hiring Incentives to Restore Employment Act, or [HIRE Act](#), exempts employers from paying the normal 6.2 percent share of Social Security

#### TOP ISSUES

[Removal of Food Sales Tax Dead](#)

[Nonpartisan Election of Judges Dies](#)

[Hiring Unemployed Will Mean State and Federal Tax Deductions](#)

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[Tuscaloosa to Vote in February for Sunday Sales](#)

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[Candidate Qualifying Over: Let the Campaigns Begin!](#)

#### BILLS

- [ACT 2010-271](#)
- [HB 001](#)
- [HB 260](#)
- [HB 274](#)
- [HB 504](#)
- [HB 542](#)
- [HB 680](#)
- [HB 697](#)
- [HB 720](#)
- [SB 328](#)
- [SB 527](#)
- [SB 541](#)
- [SB 566](#)
- [SB 585](#)

payroll taxes on new workers hired in 2010 who had been unemployed at least 60 days. Companies also will receive a \$1,000 federal income tax credit for every new employee retained for at least a year, under the federal legislation.

## IN THE NEWS

## >> Other News

### TAXES

#### Vote Falls Short on Sales Tax Vote

Sales Tax on Food and Over-the-Counter Drugs to Remain

The vote in the Alabama House of Representatives fell short Thursday of what was needed to fully debate removal of the state's 4 percent sales tax on food and over-the-counter drugs. The vote was 54-42 to consider [HB 1](#), which would have offset



the annual loss of \$405 million in sales taxes by raising \$407 million annually in income tax taxes through limitations on the state deduction for federal income taxes paid.

Under legislative rules, it takes a three-fifths supermajority to bring any bill to a vote before the state's budgets have passed.

A similar constitutional amendment, also by [Rep. John Knight, D-Montgomery](#), suffered the same fate in numerous votes during the 2009 regular session. With only six days remaining in the 2010 regular session, it appears the bill has died once more.

Under Knight's legislation, gradually decreasing deductions for federal income taxes paid would have been allowed for individuals with adjusted gross incomes between \$100,000 and \$150,000 and for couples making between \$200,000 and \$300,000 until the deductions disappeared completely at the top end of those ranges. Those with adjusted gross incomes below the lower end of the ranges could continue to fully deduct the federal income taxes they pay from their taxable state income.

The Senate Finance and Taxation Education Committee has yet to consider the companion bill, [SB 585](#) by [Sen. Hank Sanders, D-Selma](#). If passed by the Legislature, Alabama voters would have to approve this constitutional amendment before it would become law.

[Alabama House approves job creation bill](#)

[Bill to remove grocery tax fails in Alabama House](#)

[Alabama Senate votes to ban smoking in restaurants](#)

[Alabama Legislature approves school budget](#)

[Alabama House passes austere \\$1.6 billion General Fund budget](#)

[Tuscaloosa Council sets February 22 for Sunday alcohol vote](#)

[State Senate votes to criminalize use of herb in Alabama](#)

[Election season offers interesting twists, turns](#)

[Questions loom as qualifying for primaries ends](#)

[Party switching helps GOP close gap in Senate](#)

[GOP affirms Griffith candidacy; boots Sen. Harri Anne Smith](#)

[A complete listing of Democratic qualifiers for the June primary.](#)

[2010 GOP Final Election Directory](#)

[Alabama House panel OKs bill to legalize marijuana for medical use](#)

[Stimulus funds providing Alabama appliance rebates](#)

[Unemployment benefits expire as Congress debates extension](#)

*For more stories concerning legislative action and news of interest to retailers, go*

## Legislature Ties State to Federal Tax Estimation Standards

The Alabama Senate on Thursday gave final approval to [HB 504](#) by [Rep. Charles Newton, D-Greenville](#), which brings the minimum thresholds at which individuals and businesses must send in quarterly estimated income tax payments in line with the federal standards, thus reducing the administrative burden on small businesses that currently fall between the state and federal thresholds. This legislation passed each legislative chamber without a single dissenting vote and awaits action by the governor. If signed into law, it will apply to tax years 2009 forward.

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## SMOKING/TOBACCO

### Senate OKs Statewide Restaurant Smoking Ban

Tuesday, on a 19-3 vote, the Alabama Senate approved [SB 541](#) by [Sen. Vivian Figures, D-Mobile](#), which would ban smoking in restaurants statewide. Figures' scaled-down no smoking bill defines a restaurant as an enclosed facility that primarily serves food. With only four legislative days remaining in the session, the bill has been assigned to the House Government Operations Committee.



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. The bill amends the existing Clean Indoor Air Act.

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## BUDGETS

### Education Budget on Way to Governor

#### Senate to Debate General Fund Next Week

The Alabama Legislature has sent a \$5.5 billion education budget to the governor. The Alabama Senate on Thursday added about \$10 million to the bottom line of the \$5.49 billion education budget the Alabama House of Representatives approved last week, and the House concurred with those Senate additions. [HB 274](#) by [Rep. Richard Lindsey, D-Centre](#), funds all state-paid teacher units and maintains the Alabama Reading Initiative. The governor said Thursday that the state can work with the education spending plan the Legislature

## 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](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.

has sent him.

Meanwhile, the \$1.6 billion General Fund budget is ready for Senate consideration, perhaps as early as Tuesday. It appears, if it continues at this pace, the Legislature will finish all of its work on the state spending plans before the 2010 regular session ends Thursday, April 22. The Senate Finance and Taxation-General Fund Committee on Wednesday approved the general operating budget exactly as it had passed the House on Tuesday.

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## ALCOHOL

### Tuscaloosa Sunday Sales Vote Set for February of Next Year

The Tuscaloosa City Council wasted no time setting a date for a referendum on Sunday alcohol sales. The council voted unanimously Tuesday, its first meeting since the governor signed the bill, to hold the referendum on Feb. 22, 2011. After waiting 12 years to pass the legislation, the council did decide to wait until next year to put the question on the ballot to isolate the issue and avoid confusion. This year's statewide elections have different voting precincts than a Tuscaloosa city election, which the Sunday sales vote would be. College-age registered voters also will be able to cast ballots in a February referendum. Under [Act No. 2010-271](#), voters will 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 law. If the referendum receives a positive response, 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 in the city of Tuscaloosa, just as they do the rest of the week.

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### Senate Amends Alabama Brewpub Act House Committee to Consider Bill Next

On a vote of 13-7 with one abstention Tuesday, the Alabama Senate approved a substitute version of [SB 328](#) by [Sen. Bobby Singleton, D-Greensboro](#), which would allow brew pubs to produce an unlimited amount of beer, sell it on premise or to a distributor to bottle and sell to retailers. The bill now goes to the House Tourism and Marketing Committee.

This bill amends the Alabama Brewpub Act by removing the restrictions that brew pubs can only produce 10,000 barrels

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 members now have access to:

### Cost-Saving Credit Card Processing:



annually, must be located in a county that had a brewery prior to 1919 and contain a restaurant that seats 80 or more. It allows brew pubs to sell beer to a licensed wholesale distributor, who in turn will be able to sell the Alabama-brewed beer to retail establishments. The bill also would allow brew pubs to offer tours and provide free samples of six ounces or less to be consumed on premises. Currently, there is only one brewpub in Alabama that brews on site, the Montgomery Brewing Co. in downtown Montgomery.

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## PHARMACY

### House and Senate Bills Make Herb Illegal

#### House Bill Adds Marijuana-Like Incense As Well

Two legislative bodies took different actions Thursday concerning an hallucinogenic herb.

On a vote of 94-1 Thursday, the Alabama House approved [HB 697](#) by [Rep. James Gordon, D-Mobile](#), which criminalizes salvia divinorum and Salvinorin A and the chemicals JWH-018, JWH-073 and HU-210. Salvia divinorum is an herb in the mint family native to Mexico that is chewed or smoked to induce temporary illusions and hallucinations. Salvinorin A is the active ingredient in the plant. The chemicals JWH-018, JWH-073 and HU-210 are the main components of what is commonly known as Spice and sold as incense. When these chemicals are smoked or ingested, they produce effects similar to marijuana. These synthetic chemicals can be found in packages of dried substances in flavors called "Blonde," "Pink," "Citron" and "Summit" and are sold in smoke shops, convenience stores and on the Internet under such brand names as K2, Spice, Blayze II and Red Bird. Gordon's bill makes possession of any of these substances a Class A misdemeanor on first offense and a felony for subsequent offenses or possession with intent to distribute, the same penalties as marijuana possession. The bill has been assigned to the Senate Judiciary Committee.

Meanwhile, on a vote of 22-0 Thursday, the Alabama Senate approved [SB 566](#) by [Sen. Arthur Orr, R-Decatur](#), which would classify Salvia divinorum as a Schedule I controlled substance, putting it in the same category as such drugs as heroin, LSD and morphine. Possession or distribution of the substance would be a Class C felony. At least 16 other states have already made Salvia divinorum illegal and similar bills are pending in six other states. Tennessee has made it a misdemeanor offense as the House bill does, and Maine has banned the sale to people under 18. The House Judiciary Committee has Orr's bill on its agenda for Wednesday of next

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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

week. Since it is unregulated in most states, Salvia divinorum, like the synthetic cannabis chemicals, is widely available on the Internet and in some shops.

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may [email them to Alabama Jobs Commission](#)

or join the conversation on Facebook at

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

## ELECTIONS

### House Panel Defeats Nonpartisan Election of Judges

On identical 7-2 votes Wednesday, the House Constitution and Elections Committee defeated two bills calling for the nonpartisan election of judges.

**[HB 542](#)** by [Rep. Jeff McLaughlin, D-Guntersville](#), would have mandated nonpartisan elections of justices for the Alabama Supreme, Civil Appeals and Criminal Appeals courts. **As part of its 2010 Legislative Agenda, ARA opposes any legislation that alters the current election process for appellate judges.**

Under **[HB 680](#)**, also by McLaughlin, the Legislature could have, by local law, provided for the nonpartisan election of judges in a particular county or judicial circuit, after a petition requesting nonpartisan elections and signed by at least a majority of the circuit or district judges in that jurisdiction had been presented to the county commission. While this bill is dead for the 2010 session, the Alabama Senate on Tuesday on a vote of 22-1 with two abstentions approved **[SB 527](#)** by [Sen. Hinton Mitchem, D-Guntersville](#), a constitutional amendment that, if approved, would allow for nonpartisan elections of circuit and district judges in Marshall County only. Mitchem's bill, which still must be approved by the Alabama House and the voters of Marshall County to become law, would establish a separate nonpartisan ballot for the judgeships in that county alone.



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### Candidate Qualifying Over

#### Campaigning Begins in Earnest

After the dust settled from last week's candidate qualification deadline, a governor candidate became a lieutenant governor candidate, a five-term Democrat became a Republican, five representatives are seeking Senate seats, a senator is running for a House seat and 32 percent of Alabama's legislators face no opposition, leaving 95 legislative seats on the ballot in June or November.



The [voter registration](#) deadline for the June 1 primary is **May 21** with [absentee ballot applications](#) due **May 27** . Expect communications in the coming weeks about the candidates your political action committee feels are the right choices for retailers.

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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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