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to Washington,  
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**CRR EXTRAS**

*Wednesday, December 22, 2010*

## Alabama Enacts Ethics Reform

### In Seven Days with Seven Laws

New Laws Mean New Way of Doing Business for Alabama Law makers

In a seven-day special session at the height of the holiday season, Alabama's newly elected Legislature at the direction of its outgoing governor enacted seven new laws that redefine ethics and campaign spending in our state. Surrounded by his grandson's



Cub Scout troop and legislation sponsors (*see photo above*), Gov. Bob Riley on Monday, just five days out from Christmas, signed the last six of his seven-bill package into law. One of the bills had become law last week under his signature.

The rare holiday special session was the first in 68 years of a new Alabama Legislature called by an outgoing governor. In the final major act of his eight-year tenure, Riley was able to accomplish with a new majority Republican Legislature what he couldn't with the Democratic-controlled legislative bodies he had to work with during his two terms of office. After the Nov. 2 General Election and a spate of party switching, the makeup of the Alabama Legislature now stands at 88 Republicans, 51 Democrats and one Independent.

Alabama's new governor, Dr. Robert Bentley, also a Republican, takes office Jan. 17. He pledged to put ethics back before lawmakers if issues still need to be resolved. Alabama Ethics Commission Director Jim Sumner told reporters that the commission will ensure the new laws are interpreted narrowly, through its opinions and rules.

The Alabama Legislature's organizational session will be Jan. 11 through Jan. 20 with the regular session set to begin

#### TOP ISSUES

[Expect clarification of new lobbying law](#)

[PAC-to-PAC ban effective](#)

[Law requires ethics training](#)

[Bill beefs up ethics panel](#)

[Bans added for pass-through pork, political payroll deductions and double-dipping](#)

[Fed: Cut debit swipe fees](#)

[Ho! Ho! Ho! Congress extends tax cuts](#)

[Holiday greetings from ARA and ARC](#)

#### BILLS

- [Act 2010-759](#)
- [Act 2010-760](#)
- [Act 2010-761](#)
- [Act 2010-762](#)
- [Act 2010-763](#)
- [Act 2010-764](#)
- [Act 2010-765](#)
- [USHR 4853](#)

#### IN THE NEWS

[Riley: Ethics laws could be tougher, moment still historic](#)

March 1. While many legislative leadership positions were determined for the special session, committee assignments and leadership will be formalized during the organizational session.

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## >> Other News

### ETHICS IN LOBBYING

#### **New Law Limits Entertainment;**

**Restricts Gifts for Public Officials/Employees**

In the pre-dawn of Thursday, Dec. 16, the Alabama Legislature gave final approval to [Act 2010-764](#), or SB 14, by [Sen. Bryan Taylor, R-Prattville](#), which lays out new limits on what lobbyists and those who hire lobbyists can spend on or give to public officials or public employees. The new law extends gift restrictions beyond state lawmakers to city and county officials as well as those who live with public officials or employees (such as spouses and children).

The Alabama Senate voted 31-2 and the House of Representatives 92-7 for the final version of the legislation.

**Your Alabama Retail Association regularly lobbies state lawmakers on your behalf as allowed by law and will continue to do so as outlined under this new law.**

The new law contains contradictions and some confusing language, however, which may require clarification before it becomes effective in mid-March through Alabama Ethics Commission rule-making or legislative amendments made after the Alabama Legislature begins its regular session March 1.

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One section of the new law bans **anyone** from giving public officials or employees **anything** in an effort to influence the actions of an official, then in the next section allows lobbyists to spend a negligible amount on public officials, employees or family members if the gift is not considered a "thing of value" as defined earlier in the statute.

As with current law, the key prohibition in the new law is against offering public officials something in return for their vote or other actions.

[Alabama Gov. Bob Riley signs seven bills on ethics and campaign finance](#)

[Alabama governor signs 7 ethics bills](#)

[Riley signs anti-corruption reforms into law](#)

[Ethics reform in Alabama may bring change](#)

[Legislators: Ethics laws will change political landscape](#)

[Riley: Passed ethics reform bills toughest in nation](#)

[New law ends free feasts for Alabama legislators](#)

[Lawmakers approve bill to limit what people may give legislators](#)

[Gov. Bob Riley's bills fall short on campaign finance for Alabama, critics say](#)

[PAC-to-PAC transfer ban wins legislative approval](#)

[Lawmakers approve bill to largely ban legislators from holding other state jobs](#)

[House vote gives final legislative approval to lobbyist registration bill](#)

[Legislature passes bill giving Alabama Ethics Commission subpoena power](#)

[Alabama House breaks logjam, bans payroll deductions for political contributions](#)

[What does the new tax law mean for you?](#)

[Majority in Alabama may get tax cuts](#)

[Tax breaks bring hope for hiring](#)

[Alabama distributes \\$20M+ in extended unemployment](#)

The definition section of the new law contains 18 exceptions to a "thing of value," including transportation, lodging and meals, necessary for a public official or employee to speak at an economic development or educational function.

Receptions hosted by civic clubs, chambers of commerce, charitable and education organizations, and trade and professional associations also would be allowed as they are not considered a "thing of value" under the new law.

The new law also places no limit on what a lobbyist or those who employ that lobbyist can spend on any "widely attended event," which the law defines as "a gathering, dinner, reception, or other event of mutual interest to a number of parties at which it is reasonably expected that more than 12 individuals will attend and that individuals with a diversity of views or interest will be present."

Based on the "thing of value" definition exceptions, lobbyists can spend up to \$25 for food and drink for a public official on any one occasion and not more than \$150 annually beyond the above group exceptions. That restriction could limit a lobbyist to taking a lawmaker out for a modest lunch or dinner as few as six times in a year.

Businesses or organizations that hire lobbyists are limited to \$50 in food and drink on a single occasion and \$250 in a year, which would equate to taking an official out for a meal or drinks a minimum of five times annually. Under the previous law, lobbyists could spend up to \$250 daily to entertain a lawmaker without having to report those expenditures. While the new law does not require lobbyists or their principals to report expenditures to the Alabama Ethics Commission, previous law still requires quarterly reporting of expenditures greater than \$250 per day per official.

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## CAMPAIGN FINANCE TRANSPARENCY ACT

### **PAC-to-PAC Ban Now Law**

On Wednesday, Dec. 15, the Alabama Legislature gave final legislative approval to [Act 2010-765](#), or HB 9, by [Rep. Mac McCutcheon, R-Capshaw](#), which bans the transfer of money between political action committees and other groups. Both bodies approved the final version of this bill without dissent. The Congressman Mike Rogers/Jeff McLaughlin Campaign Finance Transparency Act became effective when the governor signed the legislation Monday of this week. Violators of this new law would be guilty of a Class C felony.

This law:

### [benefits](#)

### [Fed proposes rules to cut debit card fees](#)

***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](#)

There is no general e-mail address for senators. [Click here](#) for a roster of the state senators with their complete contact information.

- bans transfers of money from PACs, 527 groups or private foundations to other PACs, 527 groups or private foundations. A tax-exempt 527 group can raise and spend money for political activities, including advertisements that attack or praise a candidate's positions but do not explicitly ask people to vote for or against the candidate.
- bans a candidate's political fund from receiving more than \$1,000 raised by the principal campaign fund of a member of Congress or candidate for Congress.
- allows a corporation with a federal PAC to transfer money to its state PAC as long as contributions to the federal PAC only come from the corporation's employees and directors.

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## ETHICS TRAINING

### Lobbying for Grants or Contracts Requires Registration Officials, Public Employees, Cabinet, Lobbyists to Train

Effective Jan. 1, anyone attempting to influence the awarding of a grant or contract with any branch of state government – executive, judicial or legislative – must register as a lobbyist under [Act 2010-762](#), or HB 11, by [Rep. Paul DeMarco, R-Homewood](#). The House, without dissent, voted Wednesday, Dec. 15, to accept version of the bill as amended by the Senate, also without dissent.

This new law also mandates ethics training, provided either by the Alabama Ethics Commission or the Alabama Local Government Training Institute, for Alabama legislators, the state's constitutional officers, Cabinet members, the governor's staff, city and county officials, local boards of education, any public official or employee required to file a statement of economic interests and lobbyists. The law also sets timetables and frequency for the required training. For example, lobbyists must attend a training program within 90 days of registering as a lobbyist or at the beginning of each legislative quadrennium and within three months of any changes to state ethics laws. A lobbyist cannot lobby without having received ethics training, under this law.

Also under this law, by April 1, 2012, the Alabama Ethics Commission must create a searchable online database, which the public can access, of all ethics registrations, statements, reports or filings, including any reporting of a "thing of value" given to a public official or employee.

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## ETHICS INVESTIGATIVE POWER

### Lawmakers Strengthen Power of Ethics Commission

## 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,

On Wednesday, Dec. 15, the Alabama Legislature gave final approval, to [Act 2010-763](#), or SB 1, by [Sen. Cam Ward, R-Alabaster](#), which for the first time gives the Alabama Ethics Commission subpoena power. In the course of its investigations, at the written request of its director and with the approval of four out of five commissioners, the Ethics Commission can now issue subpoenas to require witnesses to appear before it to testify or provide documents and other evidence. Failure to comply with an Ethics Commission subpoena could result in a judge issuing contempt of court charges. The Senate and House first approved different versions of the bill. No member of either chamber voted against the final compromise.

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## **PUBLIC EMPLOYEES**

### **Laws Restrict State Worker Political Activity**

Lawmakers Ban Pass-Through Pork; Double-Dipping; and Political Payroll Deductions for Public Employees

The remaining three pieces of legislation enacted in the special session in some way deal with public employees.

### **PAYROLL DEDUCTIONS**

[Act 2010-761](#), or SB 2, by [Sen. Del Marsh, R-Anniston](#), prohibits public employee payroll deductions from going to political action committees or for dues to a membership organization that uses those dues for political activities, such as polling, candidate communications, advertising or phone banks. Lobbying is not included in this particular law as a political activity. The political payroll deduction ban begins in mid-March and applies to all local and state government employees. This legislation, which deals a serious blow to the campaign activities of the state's teacher and employee unions, spurred the most debate in the special session.

### **LEGISLATIVE DOUBLE DIPPING PROHIBITION ACT**

The Alabama Legislature gave its final approval about 1:25 a.m. Thursday, Dec. 16, to [Act 2010-760](#), or SB 3, by [Sen. Jabo Waggoner, R-Vestavia Hills](#), which for the most part bans legislators after late 2014 from holding another job with a state agency or a public school, college or university. Currently, a state employee who also serves as a legislator is commonly referred to as a double-dipper. The effective date for this law is Jan. 17, 2011.

### **BUDGET ACCOUNTABILITY ACT**

[Act 2010-759](#), or HB 10, by [Rep. Mike Ball, R-Madison](#), which passed both chambers without a dissenting vote, bans "pass-through pork," state money appropriated to an agency or

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 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,

school but spent at the direction of a lawmaker for a purpose not clearly written in a budget. The governor had already issued an executive order that prohibited such schemes and signed this legislation into law last week.

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## SEASONS GREETINGS

From Your Team at ARA and ARC



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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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## FEDERAL

### Happy Holidays: Bush Tax Cuts Receive Two-Year Extension

An \$858 billion federal tax cut extension and unemployment benefits package became law Friday, Dec. 17. The U.S. House of Representatives voted 277-148 for the [Tax Relief, Unemployment Insurance Reauthorization, and Job](#)



[Creation Act of 2010](#), or H.R. 4853, a day after it cleared the U.S. Senate by a vote of 81-19. The president signed it Friday.

The measure extends Bush-era tax cuts, which had been set

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](#)

to expire Dec. 31, for an additional two years; extends unemployment benefits for 13 months; sets the inheritance tax at a rate of 35 percent for individuals with incomes exceeding \$5 million or for couples with incomes greater than \$10 million; and creates new tax cuts for businesses and individuals, including a two-percentage-point reduction in the Social Security payroll tax. Bonus depreciation for qualifying investments made after Sept. 8 of this year through Dec. 31, 2011, will be eligible for 100 percent bonus depreciation, under this law. Property placed in service in 2012 will be eligible for 50 percent bonus depreciation.

Since Friday, the Alabama Department of Industrial Relations has issued more than \$20 million in retroactive unemployment compensation benefits for 50,000 Alabamians whose benefits had expired earlier in the month.

The retroactive benefits were distributed via direct deposit or added to a recipient's unemployment compensation "debit card."

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### **Fed Proposes Reducing Swipe Fees for Debit Cards**

On Thursday, Dec. 16, the U.S. Federal Reserve [proposed regulations](#) capping swipe fees for debit cards at no more than 12 cents per transaction rather than the current structure of 1 or 2 percent of the purchase price. That means a retailer would pay his or her bank 12 cents to process a \$100 transaction rather than about \$1.50. **Although the Alabama Retail Association contends banks should treat debit transactions the same way as checks, this proposed regulation is a giant step in the right direction.**

The proposed regulations are intended to implement the Durbin Amendment, a provision of the Dodd-Frank Wall Street Reform Act of 2010 signed into law in July. Sponsored by Senate Majority Whip Richard Durbin, D-Ill., the amendment required the Fed to set regulations resulting in "*reasonable and proportional*" swipe fees for debit cards. The amendment also barred the card industry from interfering with merchants who offer a discount or other benefit to customers who pay by cash, check or debit card rather than credit card, and allows merchants to set minimum purchase amounts of up to \$10 for credit cards.

**The proposed regulations will be subject to a 60-day comment period, and the Fed is scheduled to issue a final version by April 21, 2011, with the rule going into effect June 21, 2011.**

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