

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

CRR EXTRAS

Monday, April 04, 2011

House Votes Tuesday on Late Fee Increase

Contact Your Rep TODAY and Ask for 'Yes' Vote on HB 3

The second bill on Tuesday's special order calendar in the Alabama House of Representatives ties the minimum late fee retailers and other businesses can charge on delinquent credit transactions under the Mini-Code to the amount allowed under the Alabama Small Loan Act. Your association and the Alabama Consumer Finance Association have sought this modest \$8 increase since 2007.



HB 3 by [Rep. Craig Ford, D-Gadsden](#), most affects furniture, appliance and other stores offering in-house financing. The Senate companion, **SB 70** by [Sen. Gerald Dial, R-Lineville](#), awaits consideration by the full Senate. **ARA thanks House Rules Chairman Blaine Galliher, R-Gadsden**, for including this bill as one of 10 on Tuesday's calendar. Unless the House locks up over the Arizona-style immigration bill (see [IMMIGRATION](#)), which is first on the calendar, HB 3 will be considered Tuesday.

The minimum late fee allowed under the Alabama Small Loan Act has been \$18 since 2007. Meanwhile, the Mini-Code minimum remains at \$10. ARA has provided all of the House members with information about this legislation, but the representatives need to hear from you to understand the necessity for returning fairness to the consumer loan process. Ask your representative to vote "Yes" on HB 3 to correct the inequity between the Mini-Code and Small Loan Act.

>> [Read Late Fee Fairness Issue Brief](#)

>> **Other News**

TOP ISSUES

[Tell Judiciary Panels to Vote 'Yes' on Tort Reforms](#)

[Ask Reps to Support Amendments to Immigration Bill](#)

[Urge Congress to Go Forward with Swipe Fee Reform](#)

[Tell Reps to Vote 'Yes' on Late Fee Fairness](#)

[Join Protest Against Shoplifter, Thief Relief Acts](#)

[ARA Supports Consumer Audit Protection](#)

[Double Deduction One Step from Final OK](#)

[Bill Establishes Independent Tax Appeal Tribunal](#)

[Texting while Driving Ban Ready for Senate](#)

[Restriction on Local Menu Labeling Rules Ready for Floor Debate](#)

>> [Read Earlier Issues of Capitol Retail Report](#)

BILLS

- [HB 003](#)
- [HB 056 1stComAmd](#)
- [HB 056 2ndComAmd](#)
- [HB 056 3rdComAmd](#)

RETAIL THEFT

ARA Member Testifies at Public Hearing

Join the Protest Against Shoplifter, Thief Relief Acts

An expert Alabama Retail Association member took to the microphone Wednesday to protest several of the bills in a nine-bill package aimed at easing prison overcrowding. The package gives Alabama shoplifters and organized retail thieves a cost-of-living increase and a get-out-of-jail free card while inviting criminals from surrounding states to come to Alabama, where they could steal more and be punished less. In the first joint public hearing of the House and Senate Judiciary committees ever, a fellow ARA member spoke out against bills calling for a 100 percent increase in the felony shoplifting threshold and a 1,000 percent increase in the value of property that qualifies as organized retail theft.



"More than 20 years of experience in deterring and apprehending those involved in retail theft leads me to fully believe that SB 204 and HB 218, and SB 259 and HB 128 will

not serve their intended purposes in a manner acceptable to the citizens of Alabama," Chad Tice, corporate vice president of loss prevention for **Books-A-Million Inc.**, one of the nation's largest book retailers and an ARA member since 1984, testified. *"With a \$1,000 felony threshold and a new Class D felony designation, which will not count against a criminal for habitual offender status, Alabama will immediately become the state of choice for professional retail thieves operating in the Southeast and perhaps beyond."*

>> [Read Tice's full testimony](#)

Add your voice. Ask members of the House and Senate Judiciary Committee to vote "NO" on SB 259 / HB 128, SB 204 / HB 218 and SB 142 / HB 215.

While Tice (pictured at left) did an excellent job in presenting the concerns of retailers, our message needs your support to rise above the many voices expressing the opposing view. State Finance Director Dave Perry told the Judiciary committees that if the state doesn't reduce its prison population by 3,000, lawmakers will need to find another \$25 million for the state's General Fund budget. If the proposed sentencing reforms fail to provide relief for budget pressures, *"we will come to the Legislature to explore other options,"* including blanket prisoner releases, Perry said. He said the

- [HB 056 4thComAmd](#)
- [HB 056 Sub](#)
- [HB 061](#)
- [HB 102](#)
- [HB 117](#)
- [HB 128](#)
- [HB 195](#)
- [HB 214](#)
- [HB 215](#)
- [HB 218](#)
- [HB 228](#)
- [HB 230](#)
- [HB 236](#)
- [HB 239](#)
- [HB 251](#)
- [HB 281](#)
- [HB 303](#)
- [HB 313](#)
- [HB 355](#)
- [HB 365](#)
- [HB 427](#)
- [SB 070](#)
- [SB 142](#)
- [SB 159](#)
- [SB 166](#)
- [SB 167](#)
- [SB 173](#)
- [SB 184](#)
- [SB 187](#)
- [SB 204](#)
- [SB 207](#)
- [SB 212](#)
- [SB 256](#)
- [SB 259](#)
- [SB 272](#)

[USS 575](#)

[USHR 1081](#)

IN THE NEWS

[Bill would create new class of felonies](#)

[Alabama inmate population needs to be cut by 3,000](#)

[Alabama prison bills may save state \\$106 million over 5 years](#)

[Senate Health Committee considers obesity bill, among others](#)

governor would prefer to reduce the prison population by changing sentencing laws, rather than releasing inmates. Some local law enforcement officials have been less than enthusiastic about the proposed sentencing reforms and the Victims of Crime and Leniency also expressed concerns about the legislation, especially the first-time offender bill.

Although a committee vote on the bills being pushed by the Alabama Public Safety and Sentencing Coalition has not yet been scheduled, **call your legislators and especially members of the:**

[Senate Judiciary Committee](#)
[House Judiciary Committee](#)

to let them know what it will mean to your business if the felony statutes governing shoplifting and organized retail theft are reclassified in the proposed manner:

- Companion bills, **[SB 204](#)** and **[HB 218](#)**, create a new class of felony; raise the felony shoplifting threshold from \$500 to \$1,000; increase from \$1,000 to \$10,000 the value of goods that would have been stolen in a six-month period to classify as organized retail theft; and lower criminal mischief, forgery and burglary of unoccupied buildings to the new Class D felony level. Those are all now Class C felonies, punishable by up to 10 years in prison. Class D felonies, would be punishable by up to three years in prison.
- **[SB 259](#)** and **[HB 128](#)** places first-time felony offenders without youthful offender records who plead guilty either on probation or to sentences of less than three years in prison, but also seals that criminal record after the offender completes their sentence or probation. As a result **employers will end up hiring convicted felons**, while turning away people convicted of similar misdemeanor offenses.
- Three months after the passage of **[SB 142](#)** or **[HB 215](#)**, nonviolent offenders sentenced to one and half to two years in prison could see their sentences cut by as much as six months and be released into the supervision of the Alabama Board of Pardons and Paroles. The coalition estimates their entire package of bills could **put 5,000 incarcerated felons back on the streets**.

>> [Read Alabama Public Safety & Sentencing Coalition report](#)

ARA LEGISLATIVE AGENDA IN ACTION

Legislation Protects Consumer from Tax Audits

[Rep. Jamie Ison, R-Mobile](#), last week introduced **[HB 365](#)**,

[House passes bill that would ban texting while driving](#)

[Alabamians choose sides in debate over debit fees](#)

[Grocers push for Federal Reserve swipe fee reforms](#)

[Senate's Tester says he has bipartisan support for 'swipe' bill](#)

[Senator moves to delay new U.S. debit fee rules](#)

[Lawmakers try to stall law on cutting debit card fees](#)

[The Expensive Swipe Fee Wars](#)

[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
SENATE: (334) 242-7800

E-MAIL:

Most representatives can be

Alabama Retail Association-supported legislation to help educate Alabama consumers about taxes due when they buy goods over the Internet and to help the state's consumers avoid being audited by the Alabama Department of Revenue because they unknowingly failed to pay those taxes.

When out-of-state, online or catalogue retailers don't collect sales tax from the customer, it becomes the customer's responsibility to get the taxes owed to the appropriate governmental entities. It is estimated that each year, Alabamians buy \$2 billion in goods through the Internet and catalogues from retailers who don't collect the Alabama sales taxes owed. The resulting \$200 million in taxes on those goods are still owed to the state (\$100 million) and local governments (\$100 million). When the customer handles the tax after a retailer fails to do so in an out-of-state transaction, what was known as a sales tax becomes a use tax. **Under state law that has been in effect since 1939, Alabama consumers are supposed to report any state use taxes due on Line 19b** of their Alabama Individual Income Tax Return Form 40. Local governments recommend Alabamians pay the owed taxes immediately after making a purchase on which the retailer does not collect sales tax.

The problem is most Alabama consumers don't know what a use tax is and that it is owed. Of 1.8 million income tax returns filed in 2010 in Alabama, only 6,800 (roughly four percent) taxpayers estimated and paid use taxes on their state income tax returns, according to the Alabama Department of Revenue. In an effort to collect more of those taxes, since September of last year, the department has mailed out 10,000 letters to state taxpayers who failed to report any use tax on their income tax returns. The state has even put in tax-tracking computer systems and has suggested audits may be down the pike if consumers don't start paying taxes due on online sales to remote retailers.

>> [Read Revenue Department Use Tax Letter mailed to 10,000 Alabama taxpayers](#)

Ison's legislation would require remote retailers who don't collect and remit Alabama sales tax to notify Alabama consumers that a use tax is due and must be paid by the purchaser to the state of Alabama and its localities. The notification would be required on any website, catalog, invoice and receipt generated by a remote retailer who does not collect the taxes. The remote retailer further would be required to send the Alabama taxpayer a summary of purchases on which sales taxes were not collected, along with a reminder of their Alabama tax obligations. The bill exempts remote retailers whose total gross sales in Alabama in the preceding calendar year were \$100,000 or less or who expects their

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.



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**

sales in the current calendar year to be less than that threshold from the website and annual summary requirements.

The bill also calls for the state to amend its individual income tax forms so that Alabama residents can remit both the state and local consumer use tax due on their annual state tax return and directs the state to remit the city and county portions of the taxes paid in that manner to the local governments.

The bill has been assigned to the House State Government Committee, which Ison chairs. The committee will consider her bill at 3 p.m. Wednesday in Room 601 of the Alabama State House.

>> Read more about [Consumer Use Tax Notification](#)

Bill Prepares State for Sales & Use Tax Agreement

The Association of County Commissions of Alabama is pushing and the Alabama Retail Association supports [HB 355](#) by [Rep. Mike Hill, R-Columbiana](#), which would establish the Alabama Streamlined Sales and Use Tax Commission to develop, implement and administer programs necessary to come into compliance with the federal Streamlined Sales and Use Tax Agreement in the event that Alabama becomes a participating member of the agreement. **One of the eight commission members will be an Alabama Retail Association representative.**

The federal agreement, already adopted by 24 states, establishes uniform definitions of taxable items, sets up a system to collect and distribute sales taxes across state lines and provides retailers with software and free databases to tell them how much tax to charge. Federal legislation would be necessary before the federal agreement would kick in, but Alabama's retailers want the state to be ready to move forward whenever Congress acts.

>> Read more about the [Streamlined Sales Tax Initiative](#)

Tort Reform Bills Before House and Senate Judiciary Both Panels Expected to Vote Wednesday

The House and Senate Judiciary committees canceled scheduled public hearings last week on four lawsuit reform bills as lawmakers tried to mediate differences between the business community and the trial lawyers. As a member of



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**
WHERE: Regions Center Upper Lobby Auditorium, 1900 5th Avenue North

the Alabama Civil Justice Reform Committee (ACJRC), ARA supports these tort reform measures intended to complete the state's tort reform efforts, which began in 1999. The Senate Judiciary Committee is expected to vote on the entire package at 8 a.m. Wednesday during its meeting in the Joint Briefing Room on the eighth floor of the Alabama State House. The House Judiciary Committee meets at 1:30 p.m. Wednesday and will consider the bills at that time.



TORT REFORM BILLS

- **SB 184** by [Sen. Ben Brooks, R-Mobile](#) / **HB 251** by [Rep. Wes Long, R-Guntersville](#): The Alabama Small Business Protection Act prohibits product liability suits against retailers, wholesalers and distributors unless those entities are also the manufacturer/designer, altered the product to make it harmful or the manufacturer cannot be identified. Currently, in product liability suits, Alabama retailers, wholesalers and distributors can be sued even though those businesses did NOT participate in the manufacture or design of the products.
- **SB 207** by [Sen. Cam Ward, R-Alabaster](#) / **HB 236** by [Rep. Greg Canfield, R-Vestavia Hills](#): Under current Alabama law, if a defendant loses a lawsuit and chooses to appeal, he must begin paying 12 percent post-judgment interest on the amount the court or jury awarded the plaintiff, creating a significant financial deterrent to appealing an unjust verdict. This bill would tie the post-judgment interest rate to the one-year Treasury bill (currently less than 1 percent), the system currently being used in federal courts.
- **SB 212** by [Sen. Clay Scofield, R-Guntersville](#) / **HB 228** by [Rep. Ron Johnson, R-Sylacauga](#): This legislation prohibits forum shopping of wrongful death actions by requiring that a suit can be brought only in the county where the person who died could have filed suit.
- **SB 187**, also by Brooks, and **HB 239** by [Rep. Steve McMillan, R-Bay Minette](#): This bill requires Alabama to apply the federal expert witness rule. Alabama has not adopted the federal rule, even though in 1993 the U.S. Supreme Court mandated its adoption in all federal courts. Instead, Alabama continues to use a 1923 standard, which the U.S. Supreme Court rejected in 1993. The stricter federal standard for admitting expert testimony helps business as it ensures valid scientific and other technical expert testimony has a solid foundation and basis.

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

Please contact members of both Judiciary committees
(names link to contact information) **and ask them to vote**
"Yes" on the above bills:

HOUSE JUDICIARY

[Reps. Paul DeMarco](#), chairman; [Paul Beckman](#), [Daniel Boman](#), [DuWayne Bridges](#), [Greg Burdine](#), [Chris England](#), [Juandalynn Givan](#), [Todd Greeson](#), [Wayne Johnson](#), [Mike Jones](#), [Thad McClammy](#), [Bill Poole](#), [John Robinson](#), [Howard Sanderford](#) and [Allen Treadaway](#).

SENATE JUDICIARY

[Sens. Ben Brooks](#) and [Cam Ward](#), co-chairmen; [Jerry Fielding](#), [Marc Keahey](#), [Arthur Orr](#), [Rodger Smitherman](#), [Bryan Taylor](#), [Tom Whatley](#), [Phil Williams](#) and [Dick Brewbaker](#).

200% Health Insurance Deduction Nears Final Passage

Last Tuesday, the Senate Job Creation and Economic Development Committee unanimously approved [HB 61](#) by [Rep. April Weaver, R-Brierfield](#), which raises the income tax deduction employers and employees can claim on health insurance premiums from 150 percent to 200 percent, sending the bill to the Alabama Senate for final approval. The Senate companion, [SB 159](#) by [Sen. Greg Reed, R-Jasper](#), also is ready for Senate consideration. ARA and the Business Associations' Tax Coalition, which have championed a double deduction for years, applauded the Alabama Legislature, which appears poised to make this legislation reality.

>> Read [Increase Health Insurance Deduction for Small Business](#) Issue Brief

Taxpayers' Bill of Rights II to Begin in House Committee

Last week, [Rep. Paul DeMarco, R-Homewood](#), introduced [HB 427](#), the Alabama Taxpayers' Bill of Rights II, legislation that centralizes and makes the state's tax appeal process independent of the taxing governments. The Business Associations' Tax Coalition, a 30-member business trade association group that ARA President Rick Brown chairs, plans to send a letter today endorsing the legislation to House members. The bill should come before the House Judiciary Committee, which DeMarco chairs, during the week of April 11.

HB 427 creates the Alabama Tax Appeals Commission under the executive branch of government. The Commission will

provide uniform and fair treatment of all Alabama taxpayers, improve the state's business climate and save both administrative and legal costs for the average taxpayer who wishes to challenge a tax assessment, BATC tells lawmakers in its letter. The bill abolishes the current Administrative Law Division of the Alabama Department of Revenue and shifts its personnel, equipment and tax appeal functions to the Commission, aligning Alabama with the vast majority of states that have created an independent tax appeals process for businesses and individuals

>> [Learn more about the Taxpayer Bill of Rights II](#)

Security Freeze Legislation Clears Committee

Bill Incorporates ARA Changes

The House Financial Services Committee last week approved [HB 313](#) by [Rep. DuWayne Bridges, R-Valley](#), which regulates Alabama residents' power to put a security freeze on their credit report. This freeze would prohibit a credit reporting agency from releasing a credit report or score to a third party without the explicit consent of the consumer. The legislation sets up methods by which a consumer can have the freeze lifted in under 15 minutes, should he/she wish to apply for credit. The bill, which incorporates ARA requested changes, now awaits action by the full House.

PUBLIC SAFETY

Ban on Texting While Driving Moves to Senate

[HB 102](#) by [Rep. Jim McClendon, R-Springville](#), which would ban texting while driving slowed down the House of Representatives last week, but the supporters ultimately prevailed with the bill passing Thursday on an 86-2 vote. The measure now goes to the Senate, where similar legislation died last year. Meanwhile this week, Senate action stalled over confirmations.

Currently, there is no specific prohibition against operating a vehicle while text messaging. The legislation would make it illegal to send a text message, email or instant message while driving. Voice-operated text messaging would be exempted from the ban. The bill levies a \$25 fine for the first offense, \$50 for the second offense and \$75 for the third. An offense would put two points on a motorist's driving record. Thirty states, the District of Columbia and Guam ban text messaging while driving, according to the National Highway Traffic Safety Administration.

FOOD SERVICE

Bills Prevent Local Menu Nutrition Labeling

Senate and House Versions Ready for Floor Consideration

By a vote of 6-1, the Senate Health Committee on Wednesday approved **SB 166** by [Sen. Gerald Allen, R-Tuscaloosa](#), which would prevent Alabama from having a patchwork of local food nutrition labeling laws. The full Senate now gets the bill, which gives the state the power to set a nutritional labeling standard and excludes local governments from coming up with their own. The House companion, **HB 195** by [Rep. Ken Johnson, R-Moulton](#), also is position to be considered by its respective chamber.

Senate Health to Vote on Commonsense Consumption Act

After hearing testimony last week, the Senate Health Committee will vote at its 11:30 a.m. Wednesday meeting on the Commonsense Consumption Act, **SB 167** by [Sen. Gerald Allen, R-Tuscaloosa](#). This bill would protect retailers from civil action by those who claim the products sold by the retailer made the plaintiff obese. **ARA supports this bill.**

IMMIGRATION

ARA and Others Work to Amend Immigration Bill

First Bill House Will Consider Tuesday

Immigration reform legislation the Alabama House will consider as its first order of business Tuesday contains several provisions that could be detrimental to retailers. **The Alabama Employers for Immigration Reform and ARA object to provisions in HB 56** by [Rep. Mickey Hammon, R-Decatur](#), **which would:**

- make an employer liable for the wrongful actions of other companies with which it contracts. Because **HB 56** requires all employers to verify the legal status of new employees through the federal E-Verify program, **enforcement through subcontractor liability is unwarranted;**
- create an unlevel playing field for businesses based on the county in which they operate. The bill as currently written gives local law enforcement arresting and investigatory authority, while requiring the

Department of Industrial Relations to hear complaints against businesses to determine if an employer is in violation. **Enforcement should be uniform across the state and vested in a single state agency, specifically DIR;**

- generate a particular hardship for small businesses, as it contains no phase-in period for those with few employees. Under the current bill, all businesses in the state, regardless of size, will be required to use E-Verify beginning Jan. 1, 2012;
- subject an individual to criminal liability if a person in his or her vehicle is not in the country legally, and the owner of the vehicle "recklessly disregards the fact" that the person is an unauthorized alien. Use of a "reckless disregard" standard may subject individuals to potential criminal liability based on their failure to inquire as to each passenger's immigration status.

ARA is working to ensure that amendments to address retailers' concerns are included in the final legislation.

Contact your lawmakers TODAY and ask them to support the ALER amendments. While ARA and the Alabama business community does not condone hiring illegal workers, it is vital that any immigration reforms not create an undue burden for Alabama businesses.

Beason's Immigration Bill Gets Hearing

Last Tuesday, the Senate Job Creation and Economic Development Committee heard testimony on [SB 256](#) by [Sen. Scott Beason, R-Gardendale](#). Beason's legislation also has several onerous provisions that impose additional burdens on or penalize Alabama's businesses, including requiring businesses to verify the immigration status of every employee of every contractor with which they do business. Failing to verify the immigration status of the people who work for the company that cleans your store or business could lead to a suspension of your business license, under this bill. **ARA has pledged to oppose any immigration legislation that unduly burdens or punishes employers.** Beason's bill has not yet been scheduled for a committee vote.

TAX INCENTIVES

House OKs Tax Incentive for Hiring Teenagers;
Governor's Full Employment Act Ready for Floor Debate

By a vote of 90-1, the Alabama House on Thursday approved

[HB 117](#) by [Rep. Thad McClammy, D-Montgomery](#), which would allow Class 3 municipalities to provide income tax credits for businesses hiring those under the age of 19. The bill now goes to the Senate for consideration.

The governor's tax incentive legislation, [HB 230](#) by [Rep. Blaine Galliher, R-Gadsden](#), and [SB 173](#) by [Sen. Arthur Orr, R-Decatur](#), received committee approval last week, moving both versions to their respective chambers for consideration. The legislation, known as the Full Employment Act, provides a one-time, \$1,000 income tax credit for each new \$10 or more per hour job created by businesses with 50 or fewer employees. The credit can be applied after the employee has worked for a business for 12 consecutive months, starting with this tax year.

ALCOHOL

Committee OKs Allowing Wet/Dry Referendums Anytime

The House County and Municipal Government Committee amended and then approved [HB 281](#) by [Rep. Bill Roberts, R-Jasper](#). The bill allows cities to schedule a wet/dry referendum at any time, rather than having to wait for a regularly scheduled election as the law currently requires. This bill now awaits action by the entire House.

PHARMACY

Bill Exempts Scripts from Biz License Gross Receipts

House Panel Approves, Sends to Full House

The House Ways and Means General Fund Committee on Thursday approved [HB 303](#) by [Rep. Ron Johnson, R-Sylacauga](#), which would exempt prescriptions from business licenses taxes based on gross receipts. It now awaits action by the entire House. The Senate companion, [SB 272](#) by [Sen. Billy Beasley, D-Clayton](#), has been assigned to the Senate Finance and Taxation General Fund Committee.

NEXT LEGISLATIVE DAY

The **Alabama House meets at 1 p.m. Tuesday, April 5, 2011**, for the 10th meeting day of the 2011 regular session. The **Senate meets at 3 p.m.**

FEDERAL

Alabama Delegation on Fence on Swipe Reform;

Let Congressional Delegation Hear from You

A 14-member joint delegation of the [Alabama Retail Association](#) and [Alabama Grocers Association](#) were among more than 200 retailers and grocers who descended on Washington. The Merchants Payment Coalition has draft letters on its website on this issue which gives you a framework for communicating with your congressman last week to impress upon Congress that **debit card fee reform should proceed on the schedule already set by law**. The battle in Washington between Wall Street and Main Street has reached critical mass.

Most of the seven members of the Alabama congressional delegation that the ARA/AGA group spoke with said they were uncomfortable with the VISA/Master Card duopoly but were equally concerned with the Federal Reserve setting the rate of debit card swipe fees. None would commit to voting against pending legislation to delay swipe fee reforms, which would be the death knell for the reforms retailers fought so hard for just last year. The ARA/AGA group, which represented seven small Alabama retailers, employing 981 Alabamians, told the federal lawmakers that they collectively paid almost \$600,000 in swipe fees in 2010. For some, swipe fees are the second highest cost of doing business besides labor.



U.S. Sen. Jeff Sessions and
ARA Immediate Past
Chairman Darrell Bourne.

Yet, the Senator sponsor, Sen. Jon Tester, D-Mont., told CNBC on Thursday that he has the 60 votes necessary to attach **S. 575** as an amendment, or rider, to legislation on small-business investment. That vote could come at anytime in the Senate. Sixteen senators, including Alabama's [Jeff Sessions](#), have signed on as co-sponsors to Tester's bill, which would delay swipe fee reforms for two years and calls for yet another study by government agencies. Sessions signed onto the bill just hours before meeting with ARA members in Washington. Sessions told the group even his barber has bent his ear about maintaining the debit fee reforms enacted in 2010.

[House Financial Services Committee Chairman Spencer Bachus, R-](#)

[Birmingham](#), said he has not committed to a vote either way, but did indicate he would

hold up the House version of the legislation, [H.R. 1081](#) by Rep. Shelley Moore

Capito, R-W.Va., which would require a one-year delay and a study. "*The Senate's going to have to act first*," Bachus said. "*The banks have been greedy and swipe fees are too high*," Bachus said. "*But having the government involved in setting prices bothers me*."



U.S. Rep. Spencer Bachus, talks with ARA executive committee members about swipe fees.

[Sen. Richard Shelby, R-Tuscaloosa](#), told ARA members that all business, banking and retail, should be able to make a profit on their goods and services. One six-grocery-store chain owner related to Shelby's staff and the other Alabama congressional representatives that he paid more to the banks in swipe fees last year than the amount he earned and on which he paid federal income taxes.

Meanwhile, last week, Federal Reserve Chairman Ben Bernanke, told lawmakers the Federal Reserve would miss the April 21 deadline to write final rules on swipe fees because of having to review 11,000 comments on the draft proposal, which recommends moving to a flat debit card swipe fee of between 7 and 12 cents per transaction for the 100 biggest banks. However, Bernanke said the Fed was committed to meeting the July 21 deadline to implement new rules.

The Durbin amendment to the Dodd-Frank Wall Street Reform Act of 2010, which became law last July, requires reform of the swipe or interchange fees, which the nation's largest banks charge when someone uses a debit card. The U.S. interchange rate, which averages about 2 percent, is one of the highest in the world. In December, the Federal Reserve proposed regulations to reach the amendment's mandated goal of "reasonable and proportional" swipe fees for debit cards. The banks have balked at decreasing the fees at the same time they have sent notices to retailers saying debit card fees, which have been 45 cent per transaction will go up to more than 50 cents per transaction in this month.

If you haven't already, **tell Alabama's U.S. senators and representatives NOT to vote for repeal, delay or amendments to swipe reforms**. Every month that reform is

delayed means \$1.3 billion more comes out retailers' tills and goes into the banks' and card companies' pockets.

>> [Find Your Law maker](#)

>> [View more pictures of ARA's trip to Washington](#)

The Merchants Payment Coalition has [a draft letter](#) on its website on this issue, which will give you a framework for communicating with your congressional representatives.

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