



ALABAMA HOUSE MAJORITY CAUCUS

ALABAMA STATE HOUSE

MONTGOMERY, ALABAMA 36130

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To: Alabama House Republican Caucus Members

From: Majority Leader Nathaniel Ledbetter

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HOUSE REPUBLICAN CAUCUS PRE-SESSION TALKING POINTS MEMO

Overview

- The 2021 Regular Legislative Session, which is set to begin on February 2, promises to be a hectic one because in addition to the usual bills, measures, and budgets that demand their attention, lawmakers will have to revisit unfinished business from the 2020 session that was dramatically shortened by the COVID pandemic shutdown. A sampling of issues that will likely be considered by the Legislature include:

COVID-19

- Pre-filed legislation that would protect business and other groups from frivolous lawsuits related to COVID-19 is expected to be a high-priority in the beginning days of the 2021 session.
- The bill is designed to provide “safe harbor” to entities that took proper steps and followed Center for Disease Control and Alabama Department of Public Health recommended protocols to mitigate the spread of COVID-19.
- Businesses and other groups that failed to mandate and maintain social distancing or take other basic precautions would not fall under the bill’s umbrella of safety.
- Entities covered by the legislation include businesses and nonprofit groups, health care providers, educational institutions, churches, governmental bodies and cultural institutions.
- A number of bills that would address or rollback the state government’s emergency powers, such as the ability to mandate the closure of businesses, churches, schools, etc., have either been announced or pre-filed.

Federal Stimulus Tax Exemption

- More than \$7.2 billion in federal CARES Act funding was distributed to businesses and individuals in 2020, and another round of economic stimulus checks was awarded in 2021.
- The payments to individuals and businesses have already been exempted from federal taxes, but no mechanism has yet been passed that will exempt the dollars from Alabama tax liability.
- After consultation with the House and Senate leadership, Gov. Kay Ivey issued an executive order in early December that declared a tax exemption on the CARES Act stimulus funding and also extended the sunset dates for the Alabama Jobs Act and Growing Alabama tax credits.
- Established in July 2015, the Alabama Jobs Act, which provides tax credits and rebates to new industries, has played a vital role in securing 171 projects in 44 different counties. Those projects, in turn, have resulted in new capital investment in the state totaling \$16.65 billion and the creation of 29,249 new jobs.
- Established in July 2016, the Growing Alabama Act, which provides tax credits for donations to economic development organizations, has funded 17 projects including four tech accelerators, one STEM marketing program and twelve site-preparation and public-infrastructure improvement projects. The site-preparation and infrastructure-improvement projects, in turn, have resulted in 2,361 new direct jobs with an annual new payroll of \$93 million and 3,609 new indirect jobs with a new annual payroll of \$119.2 million.
- While the executive order offers guidance and instruction to the Alabama Department of Revenue, legislation must still be passed in order to codify the exemptions and tax credit extensions into law.

State Budgets

- The only constitutional duty specifically tasked to lawmakers is passage of the General Fund and Education Trust Fund budgets in time for implementation at the beginning of the new fiscal year, so crafting responsible spending plans for Fiscal Year 2022 will be a top priority.

- Following the mandatory COVID-19 shutdown, lawmakers returned to Montgomery and passed conservative budgets for Fiscal Year 2021.
- The Legislative Services Agency stated earlier this month that General Fund revenues grew by only about .67% in the first three months of FY2021, and Education Trust Fund Growth is about 5.43%, but those numbers are expected to increase as the year progresses.
- Because of the conservative fiscal practices that were used to craft them, both of the current budgets appear to be in healthy shape and well within spending parameters.

Lottery/Gambling

- The *Study Group on Gambling Policy* that was empaneled by Gov. Kay Ivey released an 872-page report in early December and offered a number of options and recommendations for the Legislature to consider.
- The five options offered by the report were:
 1. Do nothing.
 2. Prohibit gambling but incorporate a regulatory authority.
 3. Allow a lottery but nothing else.
 4. Limited gambling. (Limited in the type, venue and location)
 5. Full gambling, which is Class-3 in all of its facets, under a single regulatory authority.
- According to the study group's findings, a lottery, casino gaming, and sports betting would bring in about \$700 million in projected state revenues annually while just a lottery would produce between \$200 to \$300 million.
- The panel did not come to any conclusion as to how potential gambling revenues should be used, but the report did look into practices in other states, and it noted that more than half use the money for public education purposes.
- Voters last participated in a lottery referendum in 1999, and while several gambling measures have since been proposed or passed one chamber or another, none have successfully returned to the ballot.

- It is expected that various constitutional amendments related to gambling could be introduced, debated, and considered during the 2021 regular session.
- Section 65 of Alabama’s 1901 Constitution has been previously interpreted to apply to all forms of gambling and currently states, “The legislature shall have no power to authorize lotteries or gift enterprises for any purposes, and shall pass laws to prohibit the sale in this state of lottery or gift enterprise tickets, or tickets in any scheme in the nature of a lottery; and all acts, or parts of acts heretofore passed by the legislature of this state, authorizing a lottery or lotteries, and all acts amendatory thereof, or supplemental thereto, are hereby avoided.”

Medical Marijuana

- In both 2019 and 2020, legislation to legalize marijuana for medical use in Alabama passed the Senate, but neither bill made it to the House floor.
- Currently, 32 states and the District of Columbia have some form of laws on the books regarding medical marijuana.
- Previous legislation passed by the Senate created a framework to regulate medical cannabis from cultivation of the plants to production and testing of the products and all the way to the patients, who could use them to treat a variety of ailments.
- Among the conditions eligible for treatment with medical marijuana under the previous legislation’s provisions are: Anxiety or panic disorder; autism; nausea, weight loss, or pain from cancer; Crohn’s disease; epilepsy or conditions causing seizures; fibromyalgia; HIV-related nausea or weight loss; persistent nausea; post traumatic stress disorder; sleep disorders; spasticity associated with a motor neuron disease, multiple sclerosis, or spinal cord injury; a terminal illness in which the life expectancy is six months or less; Tourette’s Syndrome; and conditions causing chronic or intractable pain that can’t be treated effectively otherwise.
- Patients would receive a medical cannabis card authorized by a doctor trained in the use of the products.
- The bill previously passed by the Senate stated that products could be tablets, capsules, tinctures, gelatinous cubes, gels, oils, creams, suppositories, patches, or liquid or oil for use with an inhaler.

- The bill did not allow patients to use raw plant material or any product that could be smoked, nor did it allow any food products containing cannabis, like cookies or candies.
- Opponents of the bill have noted that marijuana remains an illegal drug under federal law and that legislative approval of its use bypasses more rigorous testing and approval required for prescription drugs.

Economic Development

- For the last few decades, our state has proudly led both the southeast and the nation in economic development, industrial recruitment, and job creation, and closets at the Alabama Department of Commerce are overflowing with awards recognizing our successes and shovels commemorating groundbreaking.
- Even today, as the U.S. continues to struggle with the economic fallout from the global COVID-19 pandemic, Alabama is faring better than most other states with regards to incoming tax revenues, and our employment rate ranks in the Top Ten in the nation.
- Though many of our citizens and families remain jobless and in obvious need of help, Alabama's economic blessings are abundant.
- In order to ensure Alabama maintains its impressive record of job creation and recruitment, the Alabama Legislature will likely consider an economic incentive package designed to lure more jobs, businesses, and industries to our state while also allowing those already located here to expand and grow their footprints.
- Alabama's workforce development programs and delivery system, which were already ranked among the best in the nation, received additional funding last session, and efforts to improve job training across the state will continue as lawmakers meet in 2021.

Prisons

- Several years ago, the Alabama Legislature turned its attention toward improving living conditions, medical and mental healthcare, and safety for both inmates and correctional officers within the state's prison system, and millions of additional aggregate dollars have been appropriated to those efforts.

- Although Alabama was working cooperatively and in good faith with the U.S. Justice Department, DOJ officials announced in December that the agency was filing a lawsuit seeking federal takeover of the prison system due to inmate-on-inmate violence and other alleged constitutional violations.
- Prefiled legislation that will be considered during the 2021 session seeks to improve conditions within the correctional system while continuing to protect the public from those who violate our laws.
- Included in the prefiled bills are measures to standardize sentencing for various offenses, provide judges more discretion in probation revocations, require electronic monitoring of certain inmates while on work release, streamline the process of considering pardons and paroles, and others.

Protecting Honest Elections

- Since taking control of the Legislature in 2010, Republicans have implemented needed reforms, such as Photo Voter ID, in order to ensure our elections remain honest and secure.
- Democrats on both the state and national levels are working to rollback and repeal these reforms, but Republican lawmakers will resist those efforts in order to ensure that election irregularities that occur elsewhere never happen in Alabama.

Redistricting

- Following completion of the U.S. Census every 10 years, the Alabama legislature is required to reapportion and redraw lines for state House and Senate districts, congressional districts, and state school board districts based upon population shifts and movements.
- Data from the 2020 Census will be available in April, and new districts will be drawn by the summer.
- The Legislature will likely debate and consider the proposed redistricting plan in a special session later this year.

Broadband Expansion

- The last several sessions have witnessed passage of legislation that has significantly expanded access to high-speed broadband internet in rural portions of Alabama, and those efforts will continue during the 2021 session.
- While the advantages of high-speed broadband were already evident, the remote K-12 and higher education distance learning, telemedicine consultation, ecommerce, and other technological needs spurred by the on-going COVID-19 pandemic have demonstrated the importance of redoubling our efforts in rural Alabama.

Public Education

- The COVID-19 pandemic and the remote learning it often required have affected our children's education, and Gov. Kay Ivey, State Superintendent Eric Mackey, and the staff of the Alabama Department of Education should be applauded for developing the "Roadmap to Reopening Alabama Schools" that allowed a safe return to the classroom in most areas.
- The importance of sanitization is being stressed more than ever before, and billions of dollars made available to Alabama through the federal CARES Act will help ensure that any resources that are needed to reopen schools safely will be readily available.
- The Legislature stands ready to pass legislation or make appropriations that are necessary to ease the return to classroom instruction and ensure students, teachers, administrators, and support staff remain safe.
- During the 2020 session, the Legislature approved a \$7.2 billion spending plan for K-12 public schools, community colleges, and four-year colleges and universities that included:
 - \$70 million in new overall spending for K-12 education with \$8 million directed toward the Alabama Reading Initiative, \$18 million for early grade reading to comply with implementation of the Alabama Literacy Act
 - Funding increases for the Computer Science Initiative; the Science, Technology, Engineering, and Math (STEM) Initiative; and professional development for literacy and math instructors

- A funding increase for the Other Current Expenses (OCE) line item to assist local systems with financial challenges resulting from the COVID-19 shutdown
- An additional \$3 million for the state’s nationally-recognized “First Class” prekindergarten program
- A \$10.4 million increase for the Alabama Community College System with \$4.3 million allocated for the state’s popular and effective dual enrollment program
- All public four-year universities received a minimum 2% funding increase
- A \$2 million increase for the Alabama Department of Child Abuse and Neglect
- Additional investments in scholarship and tuition forgiveness programs that encourage physicians, physician assistants, and dentists to locate and practice in rural areas of Alabama
- Full funding for the Teachers’ Retirement System and the Public Education Employees’ Health Insurance Program to ensure that the retirement system remains stable and health insurance premiums for both active and retired education employees remain level
- Supplemental appropriations for the current fiscal year to both K-12 and higher education
- The budget fully funded the “annual required contribution”, commonly known as the ARC, for the Teachers’ Retirement System, just as it has done every year.
- Lawmakers also approved a \$1.25 billion bond issue for school construction, which is the state’s largest capital improvement investment, and the first in more than a decade.
- The Legislature last approved a school bond issue in 2007 when Gov. Bob Riley requested \$1.07 billion in investment.
- The bond issue provides money to every city and county K-12 school system and to two- and four-year colleges.
- Each school system will receive a minimum of \$400,000, and additional money will be allocated based on school system size and the state's school funding formula.