

Final Report on 1st Special Session of 1997

The House and Senate adjourned sine die on Monday evening, September 15, completing the special session which was called by Governor James for the purpose of enacting the State's general fund and education budgets. Governor James signed the education budget and the general fund budget. A number of other bills affecting municipalities were also passed.

General Fund Budget

A possible shutdown of state government will not occur since Governor James signed the \$971 million general fund budget which passed both houses on September 15. The final budget bill, **Act 97-933**, was the result of compromises by both sides. Governor James agreed to \$5 million in funding for a new children's health insurance program. Legislators agreed to an additional \$2 million for the prison system.

As passed, the general fund budget:

- * Provides \$196 million for the Medicaid Agency, an increase of \$15 million
- * Provides \$5 million to be combined with \$20 million in federal funds to start a health insurance program for children and teenagers in low-income families
- * Gives cities and counties a total of \$12 million to use for capital projects
- * Gives the Department of Youth Services \$19.7 million, an increase of \$4.4 million
- * Gets a \$22.5 million transfer from the Department of Transportation road and bridge fund
- * Provides no pay raise for state employees
- * Provides a \$510,000 condition appropriation for a sexual abstinence program
- * Contains no reserve fund

The budget contains an appropriation to be used to match Federal dollars for the State Revolving Fund for Wastewater Treatment of \$725,000. The budget also contains a conditional appropriation of \$2.8 million for the recently established Alabama Drinking Water Finance Authority. This money, if available, will be used to match Federal dollars to create a loan fund for drinking water purposes.

Education Budget

Governor James has signed the \$3.7 billion education budget. The bill has been assigned **Act 97-856**. The Governor stated at the bill signing ceremony that the education budget has devoted all of the growth in the education trust fund to K through twelve.

Oil and Gas Payments to Local Governments Remain in Budget

Earlier this session we reported on efforts to amend the 1985 law that gives municipalities a share of the interest derived from investment of the money received by the State from the lease of oil and gas lands and the royalties derived from production on these lands. The law provides that in any year in which the interest earned from investment of the Alabama Trust Fund equals or exceeds \$60 million, the municipalities will get 10% of the interest money for capital improvements. We are happy to report that the General Fund Budget contains an appropriation for the Municipal Government Capital Improvement Fund of \$6 million estimated. The word "estimated" is included due to the fact that current fiscal year is not over until September 30. The municipal share will be greater than \$6 million if the interest earned by the Alabama Trust Fund is more than \$60 million.

The League staff extends thanks to all municipal officials who made contact with their State Senators and Representatives on the oil and gas issue. Your hard efforts paid off.

General Bills Passed

General Fund Budget (S. 35, Act 97-933). To make appropriations for the ordinary expenses of the executive, legislative and judicial agencies of the State.

ABC Licenses - Golf Course & Speedway (S. 36, Act 97-937). To establish two separate classifications of ABC licenses known as "Golf Course" license and "International Motor Speedway" license, and to provide for hours of sale and for collection of state fees.

Serious Traffic Accidents - Drug/Alcohol Tests (S. 87, Act 97-939). This bill provides that a person who operates a motor vehicle on the public highways of this state who is involved in an accident that results in death or a serious physical injury shall be required to submit to a test to determine the content of alcohol, amphetamines, opiates, or cannabis in his or her blood if the law enforcement officer has reasonable grounds to believe that the person was operating a motor vehicle while under the influence of these substances.

Franchise Tax Incentives (H. 207, Act 97-914). This bill amends Section 40-14-41, Code of Alabama 1975, to allow a deduction from franchise tax for the amount invested in a new manufacturing facility. It establishes time limits for qualifying for and using the deduction and establishes applicable criteria.

Prepaid Phone Cards (H. 16, Act 97-867). This bill defines the sale of prepaid telephone calling cards or prepaid authorization numbers, or both, as sales of tangible personal property for state sales and use tax purposes. The bill excludes gross receipts from the usage of prepaid telephone calling cards from the gross receipts or gross sales of a utility for state utility tax purposes.

Storm Relief (H. 48, Act 97-899). To appropriate funds for storm-related relief to Rainsville, Athens, Bayou La Batre, and Madison County.

Class 7 or 8 Municipalities - Vacancies (H. 59, Act 97-940). To further provide for the filling of vacancies in the office of mayor or councilmember in a Class 7 or 8 municipality.

Criminal History Processing Fee (H. 68, Act 97-945). Under current law each person convicted of a crime in a municipal, district, or circuit court, except traffic cases which do not involve DUI, and conservation cases and juvenile cases, shall be assessed a criminal history processing fee of \$10. This bill increases the amount of the fee to \$30. The bill also creates the Criminal Justice Information System Automation Fund and provides that \$10 of the criminal history processing fee shall go to this Fund. This money shall be expended for equipment, operations, supplies, maintenance, and training related to the Criminal Justice Information System.

Tax Exemption - Huntsville-Madison County Senior Center (H. 70, Act 97-868). This bill exempts the Huntsville-Madison County Senior Center from the payment of all county and municipal sales and use taxes.

Tax Exemption - Little Sisters of the Poor (H. 88, Act 97-943). This bill exempts the Little Sisters of the Poor from the payment of all state, county, and municipal sales and use taxes.

Class 1 - Transportation Authority (H. 89, Act 97-896). To amend the law which authorizes Class 1 cities to establish a transportation authority.

Incentive Awards (H. 102, Act 97-948). This bill authorizes the mayor of any municipality, subject to budget restraints approved by the governing body, to make cash or non-cash awards in an amount not to exceed \$1,000 to employees of the municipality and to provide a method for selecting employees for exemplary performance or for innovations that significantly reduce costs or result in outstanding improvements in services to the public.

Regular Session - Commencement Date (H. 118, Act 97-923). This bill provides that the regular session of the Legislature in the first year of the quadrennium shall begin on the first Tuesday in March beginning in 1999.

Education Budget (H. 125, Act 97-856). To make appropriations for the support of public education in Alabama.

Proposed Constitutional Amendments

H. 25, Act 97-791 -- Walker County Civil Service Board.

H. 130, Act 97-810 -- DeKalb County fire protection.

H. 134, Act 97-809 -- Bullock County jails.

Local Bills

S. 50, Act 97-811 -- Implementation of a reappraisal program in Marshall County.

S. 77, Act 97-805 -- Unified tax system in Lee County.

- S. 110, Act 97-806** -- Sunday liquor sales in Lee County.
- S. 115, Act 97-807** -- Anniston investment counsellors.
- S. 156, Act 97-886** -- Abatement of nuisances in Barbour County.
- H. 9, Act 97-852** -- Madison County TVA distribution.
- H. 15, Act 97-858** -- Pell City Board of Education.
- H. 17, Act 97-924** -- Lafayette Gas System proceeds.
- H. 50, Act 97-866** -- Anniston Police & Firemen's Retirement Fund.
- H. 55, Act 97-872** -- Sunday liquor sales in Baldwin County.
- H. 56, Act 97-865** -- Gulf Shores and Foley police jurisdictions.
- H. 179, Act 97-861** -- Unified tax system in Lee County.
- H. 190, Act 97-929** -- Abatement of Nuisances by Barbour County municipalities.
- H. 203, Act 97-930** -- Elmore County fire protection fees.

Annexation Bills

- S. 58, Act 97-880** -- Florence, St. Florian
- H. 14, Act 97-857** -- Florence, St. Florian
- H. 103, Act 97-909** -- Alabaster
- H. 185, Act 97-928** -- Cullman