

## **Final Report on 1999 2<sup>nd</sup> Special Session**

The House and Senate adjourned sine die on Monday, November 29<sup>th</sup>, completing the special session which was called by Governor Don Siegelman for the purpose of enacting legislation to solve the revenue shortfall created when the U.S. Supreme Court held Alabama's franchise tax discriminated against out-of-state taxpayers. The legislature approved a four-bill package to fix the revenue shortfall created by the court decision. A number of other bills affecting municipalities were also passed.

### **League Building Abatement Bill Passes**

The Legislature has passed a League bill to give all municipalities the authority to abate dilapidated buildings that have become nuisances. Under existing law, Class 1 municipalities may move or demolish buildings and structures that are found by the municipal governing body to be unsafe and that are a public nuisance. Also, existing law provides a procedure for Class 5, Class 6, or Class 8 municipalities and certain other municipalities to demolish unsafe structures. The League bill (**SB 8, Act 99-702**) amends the current law to authorize all municipalities to use the same procedures as Class 1 municipalities.

### **General Bills Passed**

**Alabama Business Privilege and Corporate Shares Tax of 1999** (HB 1, Act 99-665). Under existing franchise tax law, foreign and domestic corporations are taxed at different rates and on different bases. Existing law also levies an additional shares tax on shareholders of domestic corporations and a securities tax for the recordation of foreign securities. The state does not currently levy a franchise tax on limited liability entities, or disregarded entities. This bill provides for a tax on the net worth of corporations, limited liability entities, and disregarded entities which shall replace the domestic and foreign franchise tax declared unconstitutional by the United States Supreme Court. It also provides for a new statewide shares tax, also levied on net worth, and repeals the former domestic shares tax. It provides for an increase in the corporation income tax from 5% to 6.5% if a constitutional amendment authorizing such is passed at which time the statewide shares tax will be repealed. It provides for an increase in the financial institutions excise tax from 6% to 6.5%, also contingent on the adoption of the constitutional amendment raising the corporate income tax.

**Redistribution of Tax Proceeds** (HB 2, Act 99-650). This bill provides for the distribution of revenue received from sales and use taxes on motor vehicles, trailers and mobile homes, the leasing tax, and tobacco tax beginning January 1, 2001. A portion of these revenues currently deposited into the Education Trust Fund will be deposited into the General Fund.

**CA – Corporate Income Tax** (HB 3, Act 99-600). This proposed constitutional amendment would increase the tax rate on the taxable income of corporations to 6.5% on taxable income of corporations for the calendar year 2001 and each year thereafter.

**Revision of Corporate Income Tax** (HB 4, Act 99-664). This bill revises the Alabama corporate income tax law to conform with the federal corporate tax system and increases the

Financial Institutions Excise Tax rate to 6.5% in the event the constitutional amendment increasing the corporate income tax to 6.5% is ratified

**Motor Vehicle Liability Insurance** (HB 18, Act 99-696). Under existing law, Act 99-430 of the 1999 Regular Session, which requires motorists in Alabama to have motor vehicle liability insurance, will become effective on June 1, 2000. This bill will postpone the effective date of Section 2 (a) through (e) of Act 99-430 to January 1, 2001.

**Campaign Contributions** (HB 35, Act 99-695). Under existing law, a candidate may not receive campaign contributions more than 12 months before an election in which he or she intends to be a candidate nor may a candidate receive campaign contributions during the period that the Legislature is in session. This bill would provide that the prohibition would not apply to loans from a candidate to his or her principal campaign committee.

**Electronic Vote Counting Systems** (HB 73, Act 99-663). Under existing law, the definition of "electronic vote counting system" is limited to automated equipment that tabulates votes recorded on paper ballots by means of punching or marking. Also under existing law, the term "ballot" is defined as including ballot cards, ballot labels, and paper ballots. Also under existing law, the Secretary of State is designated as a member of the Alabama Electronic Voting Committee. Also under existing law, the Alabama Electronic Voting Committee is required to employ individuals to examine and make a written report on electronic voting equipment before it can be certified. Also under existing law, no requirement exists for electronic vote counting systems to be certified by an authorized independent testing authority, or successor entity, as meeting the performance and test standards for electronic voting systems issued by the Federal Election Commission. Also under existing law, the Alabama Electronic Voting Committee must certify any change or improvement to an electronic vote counting system before it may be adopted by any county. Also under existing law, election officials are required to conduct an accuracy test on the electronic vote counting system no more than 10 days prior to a pending election. This bill would expand the definition of the phrase "electronic vote counting system" to embrace more modern technology. This bill would also expand the definition of "ballot" to include electronic ballots and would provide for a definition of the phrase "electronic ballot." This bill would also permit the Secretary of State to appoint a representative to serve on the Alabama Electronic Voting Committee. This bill would also make optional the employment of individuals by the Alabama Electronic Voting Committee for the purpose of examining and reporting on proposed electronic vote counting systems. This bill would also require that electronic vote counting systems that are candidates for certification in Alabama receive certification by an authorized independent testing authority, or successor entity, that the equipment meets the performance and test standards for electronic voting systems issued by the Federal Election Commission. This bill would also permit the certification of an electronic vote counting system by an authorized independent testing authority, or successor entity, to serve as evidence that the system meets the requirements of Alabama state law, where applicable. This bill would also state more clearly that when an electronic vote counting system is modified, the Alabama Electronic Voting Committee shall re-examine the system to such extent as necessary to determine that it, as changed or improved, is in compliance with the certification requirements for such systems. This bill would validate the adoption of electronic vote counting systems in Alabama. This bill would also expand the time period for conducting accuracy tests by

permitting such tests no more than 14 days prior to a pending election.

**License Plates – Certain Government Vehicles** (SB 38, Act 99-699). Under existing law, tags are required for certain specified motor vehicles owned and used by state, counties, municipalities, or municipal corporation or board. This bill provides for issuance of license plates for vehicles on loan to the state, counties, municipalities, or agencies of the state by the federal government.

### **Proposed Constitutional Amendments**

**HB 3, Act 99-600** -- Corporate Income Tax Increase

**HB 70, Act 99-601** -- Chambers County elected officials to participate in retirement system.

**SB 5, Act 99-668** -- Provides for election of Birmingham city school board members.

### **Local Bills**

**HB 5, Act 99-638** -- Marion County tax collector and tax assessor expense allowance.

**HB 10, Act 99-639** -- Cullman County court costs.

**HB 19, Act 99-671** -- Perry County sales and use tax.

**HB 21, Act 99-646** -- City of Florence telecommunications services.

**HB 22, Act 99-658** -- Baldwin County ad valorem taxes.

**HB 29, Act 99-669** -- Jefferson County occupational tax.

**HB 33, Act 99-666** -- Fort McClellan Development Commission abolished.

**HB 34, Act 99-667** -- Calhoun County Economic Development Council.

**HB 37, Act 99-670** -- Washington County tobacco tax.

**HB 47, Act 99-655** -- Baldwin County probate judge and revenue commissioner branch offices.

**HB 50, Act 99-672** -- Jackson county taxes.

**HB 57, Act 99-653** -- Greene County Revenue Commissioner established.

**HB 60, Act 99-656** -- Blount County commissioners elected from single-member districts.

### **Annexation Bills**

**HB 6, Act 99-632** -- Cullman

**HB 7, Act 99-633** -- Cullman

**HB 8, Act 99-634** -- Cullman

**HB 9, Act 99-635** -- Cullman

**HB 26, Act 99-641** -- Springville

**HB 27, Act 99-642** -- Odenville