



**Alabama League of Municipalities**

# *Legislative Bulletin*

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**January 4, 2002**

## **Final Report on 2001 Fourth Special Session**

The House and Senate adjourned sine die on December 21, 2001, ending the special session called by Governor Don Siegelman for the purpose of addressing the revenue shortfall affecting the funding of public education. The legislature addressed the funding problem by enacting a compromise package of bills developed by Democratic and Republican lawmakers.

The session was a good one for the League as the municipal share of the oil and gas revenues was left intact. Further a League bill relating to military leave issues was passed as were bills to eliminate early absentee voting and problems associated with recent litigation concerning the table wine tax.

### **League Bills Passed**

**Replacement of Public Officials Called to Military Service** (SB 10 by Sen. Dial – Act 2001-1095). This League bill clarifies and updates the statute regarding the appointment of temporary replacements for public officials who are called into active military duty so as to include those officials being called to active service on the account of any need for military presence in response to domestic or foreign terrorism, the need for homeland security, or peacekeeping missions involving the United States including the war against terrorism. The bill clarifies the method by which replacement officials are appointed and the procedure to follow when the officials return from military service. The House sponsor of the bill was Rep. Jack Venable. This bill was part of the League's 2002 Legislative Package.

### **General Bills Passed**

**Corporate Income Tax Changes** (HB 2, Act 2001-1088). This bill raises additional revenue for the funding of public education by amending the State corporate income tax laws to prohibit certain exemptions.

**Consolidated Corporate Income Tax Returns** (HB 4, Act 2001-1089). This bill raises additional revenue for the funding of public education by limiting the use of consolidated corporate income tax returns to certain affiliated groups.

**Limited Liability Entities** (HB 5, Act 2001-1105). This bill raises additional revenue for the funding of public education by altering the income tax treatment of limited liability entities owned by nonresidents of Alabama.

**Multistate Tax Compact** (HB 7, Act 2001-1113). This bill raises additional revenue for the funding of public education by altering the definition of "business income" in the Multistate Tax Compact. This law would overrule the Uniroyal decision.

**CA - Education Trust Fund Rainy Day Account** (HB 8, Act 1066). This legislation proposes an amendment to the Alabama Constitution of 1901 and will be subject to a statewide referendum in June. The proposed amendment establishes a proration prevention account for the state education budget with the STATE proceeds from the Alabama Trust Fund. The amendment includes specific language ensuring that the municipal portion of the Alabama Trust Fund will not be affected or reduced.

**Emergency Management Assistance Compact** (HB 31, Act 2001-1065). Enacts the Emergency Management Assistance Compact, which allows Alabama to participate in a nationwide resource-sharing project when responding to disaster situations. Alabama will be expected to provide help to other states that experience disasters, but will receive similar help should disasters occur here in Alabama. The law includes a number of safeguards such as liability protection for workers and a requirement that the employer of emergency personnel give consent before the personnel are allowed to respond to disasters in other areas.

**Table Wine Tax** (HB 58, Act 2001-1114). Repeals the exemption from excise tax on table wine currently enjoyed by Alabama wine manufacturers. This exemption was the subject of a court case that placed the entire table wine tax in jeopardy. All table wine is now subject to a 45-cent tax, 7-cents of which is distributed to the municipality or county in which the wine is purchased.

**Mobile Telecommunications Taxation** (HB 62, Act 2001-1090). This bill raises additional revenue for the funding of public education by increasing certain taxes on mobile telecommunications.

**Refunding of School Bonds** (HB 66, Act 2001-1107). This bill raises additional revenue for the funding of public education by authorizing the Public School and College Authority to issue refunding obligations to refund certain bonds without regard to statutory debt service savings requirements under certain conditions.

**Municipal Utility Boards** (SB 6, Act 2001-1094). Under existing law, officers of a municipality may serve under certain conditions as a member of a municipal utility board organized under Article 9 of Chapter 50 of Title II of the Code of Alabama 1975. This bill would authorize the certificate of incorporation of the municipal utility board or an amendment to the certificate of incorporation to restrict service by officers of the municipality.

**Sex Offenders** (SB 13, Act 2001-1127). This is another amendment to Alabama's sexual offender notification law. Most of the changes are technical in nature, but it does require sex offenders who are convicted in other states to be subject to Alabama's reporting law once they move into this state. The new law also requires lifetime registration for these offenders and preserves the liability protection in the law.

**Early On-Site Absentee Voting Abolished** (SB 34, Act 2001-1097). This very significant new law abolishes the costly and troubling on-site absentee voting process. Unless stopped by the U.S. Justice Department, this new law should be effective for the next election cycle. The League thanks all who worked hard on the passage of this legislation, including the Senate sponsor Jeff Enfinger and the House sponsors Ken Guin and Joe Carothers, as well as the leadership in the House and Senate for making the bill a priority during this special session.

**PEIRAF** (SB 35, Act 2001-1061). Provides for the expenses of the Public Employees Individual Retirement Account Fund (PEIRAF) to be paid from the expenses of the ERS and TRS. The law is a technical bookkeeping change and is not expected to increase state or local retirement costs.

**Price Gouging** (SB 49, Act 2001-1104). Under existing law, it is unlawful for a person to impose an unconscionable price for the sale or rental of a commodity or facility during a state of emergency declared by the Governor due to natural causes. An unconscionable price is generally a price which is 25 percent higher

than the average price during the last 30 days prior to the declared state of emergency unless attributable to reasonable cost factors. This bill would amend this law to delete the requirement that the state of emergency be declared due to natural causes.

**Sales & Use Taxes – Remote Sales** (SB 65, Act 2001-1122). In the event that Congress authorizes the collection of sales and use taxes on internet or mail order transactions, this new law provides that the state portion of the sales taxes received will be placed in the proration prevention account established by Act 2001-1066 described above. The law includes an amendment providing that the act does not apply to the local sales and use taxes on such transactions. The local taxes will be distributed as provided by the local tax authority.

### **Proposed Constitutional Amendments**

In addition to **HB 8**, the Legislature approved the following proposed amendments to the Alabama Constitution of 1901 and these amendments will be submitted to the state's voters at a later date for ratification.

**HB 21, Act 2001-986** – relates to Chambers County ad valorem tax for public libraries.

**HB 52, Act 2001-1067** – relates to Montgomery city and county economic development powers.

**SB 40, Act 2001-1091** – relates to the offense of prostitution in Mobile County.

### **Local Bills Passed**

**HB 18, Act 2001-1106** – relates to Oxford additional ad valorem tax for schools