

2019

LEGISLATIVE IMPACT REPORT



birmingham
businessalliance
THE CHAMBER FOR REGIONAL PROSPERITY



BBA Investors,

The 2019 legislative session was extremely successful for the Birmingham business community. While not without its challenges, the session saw ample passage of pro-economic development legislation, and, by session's end, several favorable laws were enacted. With passage of the Alabama Incentives Modernization Act, there will be aid in the recruitment of tech companies to the state – an issue

important to urban areas throughout Alabama – and incentives will be enhanced to increase job growth in Alabama's rural counties. Additionally, the Alabama Innovation Act will create a research and development enhancement grant program for eligible entities engaging in qualified research within the state. Lastly, passage of the Rebuild Alabama Act will provide much needed funding to address infrastructure needs across the state. These are just a few standout pieces of legislation that reflect the overall success of the 2019 legislative session, which is reviewed in detail here through the lens of the Birmingham Business Alliance's 2019 state legislative agenda.

As we look ahead to the upcoming 2020 legislative session, it is important to reflect on the new laws that will shape public policy going forward, as well as provide an outlook of what to expect when the legislature convenes next February. We expect to see collaborative efforts by business leaders across the state to extend the Alabama Jobs Act, the Growing Alabama Act and begin conversation around extension of the Alabama Historic Rehabilitation Tax Credit. We are also optimistic that we will take further steps to put in place policies that give us a competitive advantage to recruit and grow high-growth startups. This report includes a table of contents to help you navigate and more easily identify the laws of interest to you and your business. We welcome your feedback about the contents of this report and encourage you to engage with us as we advocate for policies that impact economic growth, workforce development, infrastructure, and research and development in the Birmingham region.

The BBA staff would like to thank the members of the Executive Committee, the Public Policy Committee, the Governmental Affairs Committee and all BBA investors who participated in making this year's state legislative advocacy efforts a great success!

Best regards,

Greg Curran
Chairman of the Firm
Maynard Cooper & Gale
BBA Vice Chairman for Public Policy

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BBA LEGISLATIVE PRIORITIES

ECONOMIC GROWTH

Exemption for Economic Development Professionals

Act 2019-52 by Rep. Baker | Effective Date: April 19, 2019

This law provides that individuals acting as economic development professionals are not considered lobbyists unless and until they seek incentives through legislative action that are above and beyond those available under existing statutory or constitutional provisions. This exemption does not apply to any person that is otherwise required to register as a lobbyist.

Impact on Business: This change in the law ensures the activities of economic development professionals are distinguished from those of registered lobbyists, which ultimately protects the confidentiality of site selection efforts of companies seeking to locate in Alabama.

Consumer Lending Practices

HB 258 by Rep. Garrett (SB 75 by Sen. Orr) | Last Action: Pending Committee Action in House of Origin

These bipartisan bills would give payday loan borrowers a minimum of 30 days to repay the debt. The current payment schedule for such loans (which are \$500 or less) typically requires repayment within 10 to 14 days.

This legislation did not pass, and the BBA will continue to support work to reform Alabama's laws regulating lending practices during the 2020 legislative session.

Alabama Incentives Modernization Act (AIM Act)

Act 2019-392 by Rep. Poole | Effective Date: August 5, 2019

The Alabama Incentives Modernization Act is a comprehensive legislative overhaul designed to improve industry recruitment in rural counties, recruit high-tech companies to the state and expand Alabama's Opportunity Zone program. Among other incentives, it enhances the Growing Alabama tax credit to provide an additional mechanism for local economic development organizations to seek funding for improvements to inland ports, worker and student retention programs, and improvement of research and industrial parks.

Impact on Business: This act further increases Alabama's appeal to industry prospects by offering numerous expanded tax credits and incentives to insurance companies, technology companies, companies located in (or seeking to locate to) rural areas of the state and companies located in Opportunity Zones.



THE AIM ACT CHANGING HOW ALABAMA GROWS

Prior to the AIM Act

After the AIM Act



Real Estate Investing

- **NEW MARKET TAX CREDITS**
Alabama created a state version of the federal NMTC program in 2012. There are few, if any, tax credits available today.
- **HISTORIC TAX CREDITS**
Alabama created a state version of the federal HTC program in 2012.
- **DOWNTOWN REDEVELOPMENT**
For real estate developments in certain Alabama downtown areas, it is possible to convey a project to a Downtown Redevelopment Authority during construction, so that no sales taxes are owed on construction materials. Recent statutory amendments make it difficult for a city to expand its use of this program.

New offerings for Opportunity Zones (OZs)

- **FEDERAL CONFORMITY**
Alabama has made the state income tax treatment for Opportunity Zone (OZ) investments the same as the federal income tax treatment. Investments in Alabama OZs receive parallel tax treatment to investments in federal OZs.
- **FUNDING OPPORTUNITIES**
Alabama has allowed almost \$4.5 billion of state funds to invest at least 3% of their corpus in OZ funds.
- **GUARANTEED RETURNS**
Alabama has created \$50 million worth of state income tax credits to guarantee minimum returns on investments in OZs.



Tech Company Incentives

- **REFUNDABLE CREDIT FOR JOB CREATION**
Alabama provided cash equal to 3% of last year's payroll to be paid for 10 years to companies that create at least 50 jobs in Alabama.

- **ENHANCED CREDIT FOR TECH COMPANIES**
Alabama provides cash equal to 5% of last year's payroll to be paid for 10 years to tech companies that create only five jobs in Alabama.
- **CAPITAL GAINS TAX CUT FOR TECH COMPANIES**
Alabama created a 100% capital gains tax cut for investments in tech companies that move their headquarters to Alabama at least three years before a sale, so long as the investors and the company stay for five years after the change of ownership.



Economic and Community Development

- **TAX CREDITS FOR IMPROVEMENTS TO INDUSTRIAL PROPERTIES**
The Growing Alabama program allowed \$10 million of improvements to be made to industrial property throughout the state, funded through an Alabama income tax credit.

- **TAX CREDITS FOR EXPANDED ACTIVITIES**
Growing Alabama credits can now be awarded for funding of tech company accelerators, research parks, industrial parks, inland ports and intermodal facilities.

The AIM Act also enhanced the tax incentives for economic development projects in rural parts of the state (and expanded the number of areas in the state classified as rural).

RESEARCH AND INNOVATION

Alabama Innovation Act

Act 2019-404 by Sen. Orr | Effective Date: June 6, 2019

The Alabama Innovation Act creates a research and development enhancement grant program for eligible entities engaging in qualified research within the state. The program will be administered through the Alabama Department of Economic and Community Affairs (ADECA) and the grant application process is slated to begin 90 days from the effective day. The FY 2020 education trust fund budget includes a \$5 million ADECA line item to fund the program.

\$5M
ADECA
line item

Impact on Business: This grant program will ultimately encourage new and continuing efforts to conduct novel research and development activities at qualifying Alabama-based institutions like the University of Alabama at Birmingham and Southern Research.

INFRASTRUCTURE

Rebuild Alabama Act

Act 2019-2 by Rep. Poole | Effective Date: March 12, 2019

The Rebuild Alabama Act, passed during the first special session of 2019, increases Alabama's gasoline and diesel fuel taxes by 10 cents per gallon through 2021. The revenues generated from this tax increase are strictly dedicated to road and bridge improvements and construction, fund matching, debt payment and joint infrastructure projects. The act also allocates an amount not to exceed **\$150 million** in principal amount for improvements to the shipping channel for the Alabama State Docks.

\$150M
in principal amount
for improvements
for the Alabama
State Docks

Impact on Business: Infrastructure is one of the top concerns of industry leaders when locating to a new state. Alabama is currently behind its southern counterparts in the sustainability of its infrastructure funding. The Rebuild Alabama Act will infuse new investments into Alabama's road and bridge infrastructure while also expanding the capacity of the state port.

Alabama Department of Economic and Community Affairs (ADECA) Broadband Grant Program

Act 2019-327 by Sen. Scofield | Effective Date: May 30, 2019

This law expands the 2018 Alabama Broadband Accessibility Act to further encourage the growth of broadband services in rural Alabama. It broadens the definition of an "unserved area" under the ADECA grant program to ensure more projects meet the criteria for funding. It also increases the percentage of project costs that are eligible for grant funding to the lesser of 35 percent of the total project costs or \$1.5 million for projects capable of transmitting broadband signals at or above the minimum service threshold.

Impact on Business: The expansion of the Alabama Broadband Accessibility Act is designed to infuse more investments in the many areas of the state that lack or have inadequate access to broadband services. This law is expected to have a statewide impact on the industry prospects, school systems and overall quality of life of those residing in the program's targeted areas.

WORKFORCE DEVELOPMENT

Age Requirements for CDL Licenses

Act 2019-249 by Rep. Grimsley | Effective Date: February 7, 2020

Alabama law currently prohibits anyone under the age of 21 from obtaining a Class A commercial driver's license (CDL). This new law permits qualified persons between the ages of 18 and 21 to seek a Class A CDL but prohibits them from obtaining haz-mat or passenger endorsement, as well as operating oversized or specifically configured loads that require permitting by the Alabama Department of Transportation.

18 to 21
year olds can seek
a Class A CDL

Impact on Business: Alabama is one of only two states that restricts a Class A commercial driver's license to those who are 21 years or older. As a result, the state loses many drivers in the 18 to 21 age range to other industries and neighboring states. This new law will create a larger pool of drivers for Alabama businesses that depend on commercial vehicles to move their products, while creating new job opportunities for 18 to 21-year-old residents.

Alabama Industry Recognized and Registered Apprenticeship Program Act

Act 2019-506 by Sen. Orr | Effective Date: September 1, 2019

This act establishes the Alabama Office of Apprenticeship, under the Workforce Development Division of the Department of Commerce, to certify registered and industry-recognized apprenticeship programs. It increases the current per capita apprenticeship tax credit and aggregate apprenticeship tax credit and also provides a \$500 per capita incentive tax credit for hiring in-school youth apprentices.

\$500
per capita incentive tax
credit for hiring in-school
youth apprentices

Impact on Business: By increasing the apprenticeship tax credit and providing an incentive tax credit for hiring youth apprentices, this law encourages businesses to participate in workforce development by training new talent and hiring students who demonstrate strong skills and work ethic.

Eliminating Legal Barriers to Apprenticeships Act

Act 2019-527 by Rep. Collins | Effective Date: September 1, 2019

This new law allows a person who completes an apprenticeship program to receive an occupational license in that trade if certain prerequisites are met, including completion of the eighth grade and the passage of any required examination.

Impact on Business: This act further expands the talent pool for professional trades and creates new job prospects for people who complete an apprenticeship program by giving them the opportunity to receive an occupational license in their chosen trade.

LEGISLATIVE SESSION SCORECARD

Birmingham's Seven-county Regional Delegation

Regional Delegation Members	Rebuild Alabama Act HB2	Exemption for Economic Development Professional HB289	Alabama Incentives Modernization Act HB540	Alabama Innovation Act SB78
Rep. Louise Alexander	YES	YES	YES	YES
Rep. Jim Carns	NO	YES	YES	YES
Rep. Merika Coleman	YES	YES	YES	YES
Rep. Dickie Drake	YES	YES	YES	YES
Rep. Corley Ellis	YES	YES	YES	YES
Rep. Allen Farley	NO	YES	YES	YES
Rep. David Faulkner	YES	YES	YES	YES
Rep. Matt Fridy	NO	YES	YES	YES
Rep. Danny Garrett	YES	YES	YES	YES
Rep. Juandalynn Givan	YES	YES	YES	YES
Rep. Jim Hill	YES	YES	YES	YES
Rep. Rolanda Hollis	YES	YES	PASS	YES
Rep. Ralph Howard	YES	YES	YES	YES
Rep. Wes Kitchens	YES	YES	YES	YES
Rep. Craig Lipscomb	YES	PASS	YES	YES
Rep. Arnold Mooney	NO	ABSTAIN	ABSTAIN	YES
Rep. Mary Moore	NO	ABSTAIN	YES	YES
Rep. Ed Oliver	YES	YES	YES	YES
Rep. Neil Rafferty	YES	YES	YES	YES
Rep. John Rogers	NO	YES	YES	YES
Rep. Connie Rowe	YES	YES	YES	YES
Rep. Rod Scott	YES	YES	YES	YES
Rep. Randall Shedd	YES	YES	YES	YES
Rep. Kyle South	YES	YES	YES	YES
Rep. David Standridge	NO	YES	YES	YES
Rep. Allen Treadaway	NO	YES	YES	YES
Rep. Tim Wadsworth	YES	YES	YES	YES
Rep. April Weaver	NO	PASS	YES	YES
Rep. David Wheeler	NO	YES	YES	YES
Rep. Randy Wood	YES	YES	YES	YES
Sen. Clyde Chambliss	YES	YES	YES	YES
Sen. Linda Coleman-Madison	YES	YES	YES	PASS
Sen. Priscilla Dunn	PASS	PASS	PASS	PASS
Sen. Jim McClendon	NO	YES	YES	YES
Sen. Greg Reed	YES	YES	YES	YES
Sen. Dan Roberts	NO	YES	YES	YES
Sen. Clay Scofield	YES	YES	YES	YES
Sen. Shay Shellnut	NO	YES	PASS	YES
Sen. Rodger Smitherman	YES	YES	YES	YES
Sen. Jabo Waggoner	YES	YES	PASS	YES
Sen. Cam Ward	YES	ABSTAIN	YES	YES

LEGISLATIVE SESSION SCORECARD

Birmingham's Seven-county Regional Delegation

Regional Delegation Members	ADECA Broadband Grant Program SB90	Age Requirement for CDL Licenses HB479	Alabama Industry Recognized and Registered Apprenticeship Program Act SB295	Eliminating Legal Barriers to Apprenticeships Act HB570
Rep. Louise Alexander	YES	YES	YES	YES
Rep. Jim Carns	YES	YES	YES	YES
Rep. Merika Coleman	YES	YES	YES	YES
Rep. Dickie Drake	YES	YES	YES	YES
Rep. Corley Ellis	YES	YES	YES	YES
Rep. Allen Farley	YES	YES	YES	YES
Rep. David Faulkner	YES	YES	YES	YES
Rep. Matt Fridy	YES	YES	YES	YES
Rep. Danny Garrett	YES	YES	YES	YES
Rep. Juandalynn Givan	YES	PASS	YES	YES
Rep. Jim Hill	YES	YES	YES	YES
Rep. Rolanda Hollis	ABSTAIN	YES	YES	YES
Rep. Ralph Howard	YES	YES	YES	YES
Rep. Wes Kitchens	YES	YES	YES	YES
Rep. Craig Lipscomb	YES	YES	YES	YES
Rep. Arnold Mooney	YES	YES	ABSTAIN	YES
Rep. Mary Moore	YES	YES	YES	PASS
Rep. Ed Oliver	YES	YES	YES	YES
Rep. Neil Rafferty	ABSTAIN	YES	YES	YES
Rep. John Rogers	YES	YES	YES	YES
Rep. Connie Rowe	YES	YES	YES	YES
Rep. Rod Scott	YES	YES	YES	YES
Rep. Randall Shedd	YES	PASS	YES	YES
Rep. Kyle South	ABSTAIN	YES	YES	YES
Rep. David Standridge	YES	YES	YES	YES
Rep. Allen Treadaway	YES	YES	YES	YES
Rep. Tim Wadsworth	YES	YES	ABSTAIN	YES
Rep. April Weaver	YES	YES	YES	YES
Rep. David Wheeler	YES	YES	YES	YES
Rep. Randy Wood	YES	YES	YES	YES
Sen. Clyde Chambliss	YES	PASS	YES	YES
Sen. Linda Coleman-Madison	YES	YES	PASS	YES
Sen. Priscilla Dunn	PASS	PASS	PASS	PASS
Sen. Jim McClendon	YES	YES	YES	YES
Sen. Greg Reed	YES	YES	YES	YES
Sen. Dan Roberts	YES	YES	YES	PASS
Sen. Clay Scofield	YES	YES	YES	YES
Sen. Shay Shellnut	PASS	YES	YES	PASS
Sen. Rodger Smitherman	YES	PASS	YES	YES
Sen. Jabo Waggoner	YES	YES	YES	PASS
Sen. Cam Ward	YES	PASS	YES	YES

STATE BUDGETS

General Fund Budget

Act 2019-394 by Rep. Clouse | Effective Date: October 1, 2019

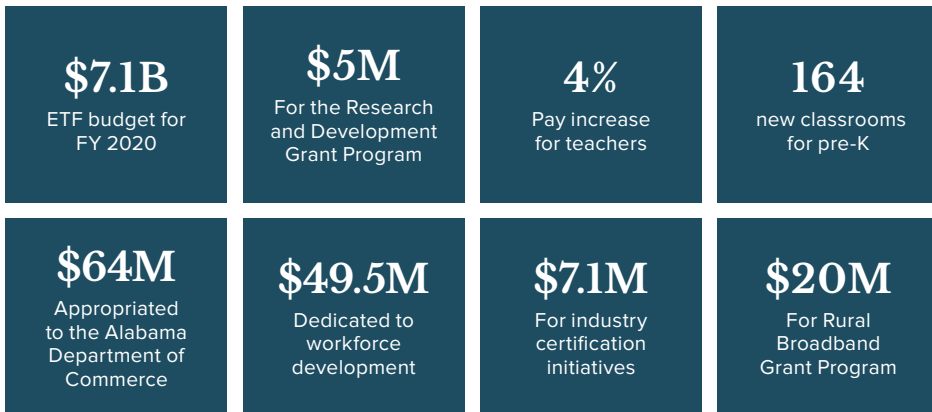


Among other items, the general fund also includes the following:

- ADECA received \$5 million to execute the Inland Port Infrastructure Development Competitive Grant Program, \$2.5 million for the Rural Broadband Grant Program and \$1.2 million for the Airport Development Grant.
- The Alabama Tourism Department budget includes a \$500,000 line item for the World Games and a \$300,000 allocation to the Greater Birmingham Convention & Visitors Bureau.

Education Trust Fund (ETF) Budget

Act 2019-403 by Sen. Orr | Effective Date: October 1, 2019



Among other items, the ETF also includes the following:

- The State Department of Education's allocation includes an \$8 million line item for its Career Tech Initiative and a \$1 million grant to the Birmingham City School Board for its Bully Prevention Project.
- The Alabama Innovation Fund budget earmarks \$1 million for Southern Research.
- The University of Alabama at Birmingham received nearly \$300 million for its operation and management expenses.

NON-PRIORITY BILLS OF INTEREST

Brewpub Legislation

Act 2019-400 by Sen. Smitherman and Sen. Waggoner | Effective Date: September 1, 2019

This legislation allows small craft breweries to own a brewpub in Alabama but requires them to purchase alcoholic beverages from an authorized wholesaler or as otherwise provided by law. It does not allow manufacturers to transfer alcoholic beverages directly from the manufacturer to the brewpub. The House committee substitute to the bill provided for any privilege or excise taxes on beer to be levied at the time the beer is allocated by the beer manufacturer for retail sale and not at the time the beer is dispensed for consumption, which will result in an increased tax cut for breweries and brewpubs.

Recapture of Call Center Benefits

Act 2019-374 by Sen. Ward | Effective Date: September 1, 2019

This act requires employers intending to relocate a call center to notify the Director of ADECA at least 120 days before the relocation is scheduled to occur. If the employer fails to provide notice, the Attorney General is authorized to commence a civil penalty action for each day of delinquency. The law also makes such employers ineligible to receive any grant, loan, or tax credit from the state or its political subdivisions for five-years.

Railroad Modernization Act of 2019

Act 2019-459 by Rep. Scott | Effective Date: September 1, 2019

This act authorizes a tax credit for qualified railroad rehabilitation expenditures against the income tax liability of a taxpayer that owns or leases in-state railroad infrastructure that is federally classified as a Class II or Class III railroad. It also authorizes the transfer of the credit under the specified conditions and permits such credits for the 2020 tax year through the 2022 tax year.

Operation of Autonomous Vehicles

Act 2019-496 by Sen. Allen | Effective Date: June 10, 2019

This new law authorizes the use of vehicles operated by an automated driving system and commercial motor vehicles operated by a remote driver (i.e. teleoperation systems). It grants the Department of Transportation the sole and exclusive jurisdiction over automated commercial motor vehicles and teleoperation systems. As a result, political subdivisions are specifically prohibited from imposing any requirements, taxes or performance standards on such vehicles.

Broadband Using Electric Easement Act

Act 2019-326 by Rep. Shedd | Effective Date: August 1, 2019

This act allows broadband carriers to collaborate with electricity providers to use their easements and infrastructure for broadband expansion, and grants electric providers new authorities in the process. Under the law, electric providers are now authorized to own, operate and maintain broadband systems on their electric easements, provide broadband services for wholesale or retail support services, and acquire rights-of-way and easements by condemnation for advanced communication capabilities.

Abortion as Felony Offense with Limited Exceptions

Act 2019-189 by Rep. Collins | Effective Date: November 1, 2019

This act makes it unlawful for any person to intentionally perform or attempt to perform an abortion in Alabama except where an attending physician licensed in Alabama determines it is necessary in order to prevent a serious health risk to the mother. Violation of the law is a felony. However, no woman upon whom an abortion is performed or attempted to be performed shall be criminally or civilly liable.

Medical Cannabis Study Commission

Act 2019-511 by Sen. Melson | Effective Date: June 10, 2019

This act extends Carly's Law, the current law allowing certain patients to access CBD oil through a study at the University of Alabama at Birmingham. It also establishes the Medical Cannabis Study Commission to make recommendations on future legislation to legalize medicinal marijuana.

Phase in of Computer Science Courses

Act 2019-389 by Rep. Faulkner | Effective Date: September 1, 2019

This act mandates the phase-in of computer science courses in every public school in the state by the 2022-2023 school year. The law requires these courses to be of "high quality" and provides criteria for what constitutes such. The program's funding is contingent upon an appropriation from the Legislature, and any funding must go directly to the State Department of Education for distribution to entities eligible to assist in developing content for the courses.

Alabama Literacy Act

Act 2019-523 by Rep. Collins | Effective Date: September 1, 2019

The Alabama Literacy Act is designed to improve the reading proficiency of public school kindergarten to third grade students to ensure they can read at or above grade level by the end of the third grade. The \$51 million allocated to the Alabama Reading Initiative in the ETF budget must be expended on local and regional reading specialists, professional learning activities and administrative activities that support student reading development.

Facilities for Career Technical Programs

Act 2019-524 by Rep. Easterbrook | Effective Date: June 10, 2019

This law permits a local board of education to hold career technical classes in any available facility if the board determines that the facility is better suited for career technical classroom instruction than the facilities currently being used.

Donation of Surplus Food

Act 2019-526 by Rep. Kitchens | Effective Date: September 1, 2019

This new law authorizes local boards of education to permit schools to donate surplus, non-expired food to charitable organizations for distribution to students receiving free or reduced-cost school meals under the National School Breakfast and Lunch Programs. Local school boards must adopt a policy regulating how schools may provide these donations, and the policy cannot require donated foods to be consumed at the school or prohibit food from being transported away from school grounds by the student.

Extension of Private Hospitals Assessment

Act 2019-278 by Rep. Clouse | Effective Date: October 1, 2019

This act extends the assessment against private hospitals in Alabama through fiscal year 2022. The assessment, which benefits the state's Medicaid program, will be imposed at an increased rate of 6 percent of each hospital's net patient revenue in fiscal year 2017.

Regulation of Shared Micromobility Device Systems

Act 2019-437 by Sen. Smitherman | Effective Date: September 1, 2019

This act allows for the operation of "shared micromobility device systems" whereby transportation devices like bicycles or scooters are available as short-term rentals for travel on public roads and sidewalks. The use of such devices must first be authorized by the county or municipal governing body, and only pursuant to regulations established by the governing body as set out in the act.

BUSINESS FILINGS & OPERATIONS

Revisions to Alabama Business Corporation Law

Act 2019-94 by Rep. Poole | Effective Date: January 1, 2020

This nearly 500-page act makes substantial revisions, both technical and substantive, to the Alabama Business Corporation Law provisions of the code with the intention of reflecting the national standards set by the Model Business Corporation Act of 2016 and the Delaware General Corporation Law.

Unemployment Benefits

Act 2019-204 by Sen. Orr | Effective Date: January 1, 2020

This act increases the maximum weekly unemployment benefit from \$265 to \$275 but decreases the maximum amount of time individuals may receive unemployment benefits from 26 weeks to 14 weeks. Unemployment benefits are limited to 14 weeks under this law if the state's unemployment rate is 6.5 percent or lower. As the state unemployment rate increases by half-percent increments, an additional week will be added to the benefit time period, up to a maximum of 20 weeks.

Revisions to Alabama Limited Liability Company Law

Act 2019-304 by Rep. Poole | Effective Date (retroactive): January 1, 2019

This law updates the code sections governing Alabama's limited liability companies by making a number of technical corrections to the law and clarifying which law governs the right of governing members, their agents and their attorneys to access the company's books and records.

Alabama Small Business Commission

Act 2019-509 by Sen. Grudger | Effective Date: September 1, 2019

This amended law transfers the Governor's appointment power for the members of the Alabama Small Business Commission to the Lieutenant Governor. It further requires the Commission to prepare and submit an annual report to the office of each appointing authority no later than December 31.

Employment Discrimination Prohibition

Act 2019-519 by Rep. Clarke | Effective Date: September 1, 2019

This act prohibits employers from paying any employee a wage less than that paid to employees of another sex or race for equal work, unless the wage differential is based upon seniority, a merit system or a system that measures earnings by quantity or quality of production. The law provides that a civil action may be brought within two years after the act of discrimination. However, where there is recovery in both state and federal court, the employee shall only be entitled to one recovery, whichever is the higher amount paid.

TAXES & LICENSES

Determination of State and Local Lease Taxes

Act 2019-89 by Rep. Steve Clouse | Effective Date: July 1, 2019

This new law provides that the lease tax on tangible property, other than automotive vehicles, must be determined based on the delivery location when delivered by the lessor, and based on the rental location when the property is picked up by the lessee at the lessor's rental location. It further provides that the initial lease tax on leased automotive vehicles should be determined based on the location of the dealer, with the tax on subsequent lease payments determined based on the address of the lessee.

Business Delivery Licenses

Act 2019-283 by Rep. Lee | Effective Date: May 28, 2019

This amended law clarifies that local delivery license fees should be charged per business and not per vehicle. It further provides that a business is not required to purchase a delivery license if its gross receipts derived from within a municipality or its police jurisdiction do not exceed \$10,000 during the preceding license year.

Financial Institution Excise Tax Reform Act

Act 2019-284 by Rep. South | Effective Date: January 1, 2020 for tax years after December 31, 2019

The Financial Institution Excise Tax (FIET) receipts have largely shifted to the state in recent years due to the rise in out-of-state internet banking. The FIET Reform Act transitions the tax from a post-payment system to an estimated, quarterly pre-payment system. This transition is expected to generate a one-time \$20 million increase for the FY 2020 receipts. The act provides for 50 percent of the revenues to be distributed to the state, 33.3 percent to municipalities and 16.7 percent to counties.

Technical Changes to the Simplified Sellers Use Tax (SSUT) Program

Act 2019-382 by Rep. Scott | Effective Date: June 5, 2019

This act amends Alabama's SSUT law to expand protection from class action lawsuits involving claims for refunds. It also provides tax amnesty for online sellers for tax periods prior to October 1, 2019, and prohibits the collection of the SSUT on vehicles for which state and local taxes are required to be collected at the time of vehicle registration.

Electronic Business Filings

Act 2019-529 by Rep. Drake | Effective Date: June 10, 2019

This act authorizes municipalities to develop and implement an electronic system for the processing and recording of business license renewals by business and nonprofit entities. The law further provides that any business paying license fees in 100 or more Alabama municipalities may pay the fees under the current procedures, including the submission of license forms and the payment of fees by mail or in person.



CONSTITUTIONAL AMENDMENTS

Review and Recompilation of Alabama Constitution

Act 2019-271 by Rep. Coleman | Referendum Date: Statewide Primary Election on March 3, 2020

This proposed constitutional amendment authorizes the Legislature during the 2022 Regular Session of the Legislature to rearrange Alabama's Constitution into proper articles, parts and sections; remove all racist language; delete duplicative and repealed provisions; consolidate provisions regarding economic development; and arrange all local amendments by county of application. The draft, if approved by a three-fifths vote of the Legislature through joint resolution, must be submitted to the voters for ratification.

Right to Vote Limited to U.S. Citizens

Act 2019-407 by Sen. Marsh | Referendum Date: Statewide Primary Election on March 3, 2020

This proposed constitutional amendment will, if ratified, clarify that only United States citizens are permitted to vote in elections in Alabama.

State Board of Education Reform

Act 2019-345 by Sen. Marsh | Referendum Date: Statewide Primary Election on March 3, 2020

This proposed constitutional amendment will, if ratified, eliminate the election of state school board members and provide for their appointment by the Governor, subject to confirmation by the Alabama Senate. Under this proposal, the Superintendent of the Alabama Department of Education would be replaced with an appointed Secretary of Elementary and Secondary Education. If ratified, this constitutional amendment will also require the replacement of the Common Core curriculum standards.

NEW LOCAL LAWS

Class 1 Municipalities - Industrial Development Boards

Act 2019-321 by Rep. Scott | Effective Date: May 29, 2019

This Birmingham specific law authorizes the city's industrial development board to charge an administrative fee to any private entity, business or user requesting a tax abatement. The bill provides that such fees cannot exceed one-fourth of 1 percent of the total estimated investment amount up to \$40 million. Any funds collected under this new authority must be used to further economic development efforts, such as site development and recruitment efforts of industry.

Jefferson County – Hoover Ad Valorem Tax

Act 2019-202 by Sen. Waggoner | Effective Date: May 21, 2019

Subject to approval by a majority of qualified voters residing in the city, this act authorizes the City of Hoover to increase the ad valorem tax levied and collected on all taxable property in the city by an additional 2.4 mills (\$0.24 on each \$100) of assessed value to be used exclusively for public school purposes.

Jefferson County – Mountain Brook Ad Valorem Tax

Act 2019-203 by Sen. Waggoner | Effective Date: May 21, 2019

Subject to approval by a majority of qualified voters residing in the city, this act authorizes the City of Mountain Brook to increase the special ad valorem tax levied and collected on all taxable property in the city to the maximum rate of 20.6 mills (\$2.06 on each \$100) of assessed value to be used exclusively for public school purposes.

Jefferson County – Hoover Alcohol Sales

Act 2019-299 by Sen. Waggoner | Effective Date: May 30, 2019

This act authorizes the City of Hoover to permit the sale of alcoholic beverages in the corporate limits of the city for on-premise consumption on Sunday, commencing at 10 a.m.

Jefferson County – Mountain Brook Alcohol Sales

Act 2019-217 by Sen. Waggoner | Effective Date: May 22, 2019

This act authorizes the City of Mountain Brook to permit the sale of alcoholic beverages in the corporate limits of the city for on-premise consumption on Sunday, commencing at 10 a.m.

Bibb County – Sales and Use Tax

Act 2019-332 by Rep. Howard | Effective Date: May 31, 2019

This act permits the Bibb County Commission to levy a sales and use tax of up to 1 percent on sales, use, storage, consumption or gross receipts in the county. Eighty percent of the tax proceeds (after the cost of collection) will be distributed to the Bibb County Board of Education for the acquisition, construction, maintenance, equipping and operation of public school facilities. The remaining 20 percent will be retained by the county for road and bridge construction/maintenance and public safety purposes.

Blount County – Lodging Tax

Act 2019-410 by Rep. Rowe | Effective Date: September 1, 2019

This new law permits the Blount County Commission to levy a 4 percent lodging tax equal to the charge for a room, lodging or accommodation. All proceeds from the tax must be deposited into the county tourism fund and used for the promotion of tourism, county beautification, supporting and maintaining park and recreation projects, and maintaining covered bridges throughout the county.

BILLS OF INTEREST THAT DID NOT PASS

Support ★ oppose ⊘

Simplified Sellers Use Tax (no BBA action taken)

HB 418 by Rep. Scott | Last Action: Read Second Time in House of Origin

This legislation would have repealed the affiliated nexus rule and provided for a one-time adjustment to the simplified sellers use tax (SSUT) rate. The bill called for the adjustment to equal the difference between the combined state average municipal, and average county rates as of January 1, 2019, (rounded to the nearest 1 percent) and the current SSUT rate of 8 percent. However, it capped local rate adjustment at 9 percent. Another set of bills (HB 318 by Rep. Scott & SB 218 by Sen. Albritton) designed to reform the SSUT program also failed to garner traction this session.

Protect Small Business Act (no BBA action taken)

SB 129 by Sen. Elliott (HB 352 by Rep. Rowe) | Last Action: Pending Committee Action in Second House

The Protect Small Business Act was drafted with the goal of promoting fair business relations between franchisees and franchisors and to protect franchisees against unfair treatment by franchisors. The legislation included provisions to prevent fraud, unfair business practices, unfair methods of competition, impositions and other abuses upon franchisees in the state.

Repeal of Common Core ⊘

SB 119 by Sen. Marsh | Last Action: Pending Committee Action in Second House

This bill proposed to terminate the Common Core curriculum standards in K-12 public schools. It would have required the State Board of Education to replace the current standards for math and english language with new curriculum standards adopted by the board.

Alabama Lottery Proposal (no BBA action taken)

SB 220 by Sen. Albritton | Last Action: On Third Reading in Second House

This proposed constitutional amendment would have created a state lottery with no video lottery terminals. As passed by the Senate, the initial proceeds from the lottery would have repaid money borrowed from the Alabama Trust Fund. Thereafter, half the proceeds were designated for the general fund, while the other half was allocated to a rainy day fund for the general fund. The proposal was amended in the House to distribute the proceeds between the general fund and ETF budgets at a 75 to 25 ratio.

Alabama Inland Ports ★

SB 268 by Sen. Orr | Last Action: Pending Committee Action in Second House

This legislation would have authorized a \$10 million transfer from the newly enacted gasoline tax increase to ADECA for the establishment of a grant program to develop and improve Alabama's inland ports. Due to inland port allocations of \$5 million in the FY 2020 general fund budget, as well as a funding mechanism in the Alabama Incentives Modernization Act, it is unlikely the newly enacted gasoline tax will be revisited as a funding source for inland ports in the 2020 legislation session.

Alabama School Choice and Opportunity Act (no BBA action taken)

SB 311 by Sen. Marsh | Last Action: Read Second Time in House of Origin

This proposed amendment to the Alabama School Choice and Student Opportunity Act, which authorized the establishment of public charter schools in Alabama, would have required the Department of Education to provide local revenue projections for charter school applicants. The bill also provided terms for determining the local revenue tied to each child moving from a non-charter public school to a public charter school.

LEGISLATORS AND THEIR DISTRICTS

On behalf of the Birmingham Business Alliance and our investors, we would like to thank the members of our seven county Birmingham metro region for a highly successful legislative session, particularly in regards to economic development in our region and state. We appreciate the thoughtfulness and integrity that you approached these difficult issues with, and we greatly value your service, partnership, and leadership.

Representative Louise Alexander.....	District 56
Representative Jim Carns.....	District 48
Representative Merika Coleman.....	District 57
Representative Dickie Drake.....	District 45
Representative Corley Ellis.....	District 41
Representative Allen Farley.....	District 15
Representative David Faulkner.....	District 46
Representative Matt Fridy.....	District 73
Representative Danny Garrett.....	District 44
Representative Juandalynn Givan.....	District 60
Representative Jim Hill.....	District 50
Representative Rolanda Hollis.....	District 58
Representative Ralph Howard.....	District 72
Representative Wes Kitchens.....	District 27
Representative Craig Lipscomb.....	District 30
Representative Arnold Mooney.....	District 43
Representative Mary Moore.....	District 59
Representative Ed Oliver.....	District 81
Representative Neil Rafferty.....	District 54
Representative John Rogers.....	District 52
Representative Connie Rowe.....	District 13
Representative Rod Scott.....	District 55
Representative Randall Shedd.....	District 11
Representative Kyle South.....	District 16
Representative David Standridge.....	District 34
Representative Allen Treadaway.....	District 51
Representative Tim Wadsworth.....	District 14
Representative April Weaver.....	District 49
Representative David Wheeler.....	District 47
Representative Randy Wood.....	District 36
Senator Clyde Chambliss.....	District 20
Senator Linda Coleman-Madison.....	District 30
Senator Priscilla Dunn.....	District 19
Senator Jim McClendon.....	District 11
Senator Greg Reed.....	District 5
Senator Dan Roberts.....	District 15
Senator Clay Scofield.....	District 9
Senator Shay Shelnett.....	District 17
Senator Rodger Smitherman.....	District 18
Senator J. T. "Jabo" Waggoner.....	District 16
Senator Cam Ward.....	District 14

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