

2023 Legislative Update: ARPA Special Session - Week Two

ARPA – First Round

On January 18, 2022, the Alabama Legislature was called upon by Governor Kay Ivey to allocate \$772 million in federal American Rescue Plan Act (ARPA) funds during a Special Session. Legislators quickly drafted and passed a bipartisan plan to address broadband connectivity and access, water and sewer infrastructure, healthcare, and other pandemic-related items. The plan was subsequently signed into law by Governor Ivey. The remaining funds were left to be allocated during the recent Special Session discussed below.

ARPA – Second Round

On March 16, 2023, during a Special Session called by Governor Kay Ivey, the Alabama legislature approved the final allocation of \$1.06 billion in federal American Rescue Plan Act (ARPA) funds. The funds are allocated as follows:

- \$660 million will be allocated to eligible water, sewer, and broadband infrastructure investments with up to \$260 million for broadband expansion and improvement and up to \$400 million to be allocated for clean water, sewer, and stormwater infrastructure projects.
- The healthcare sector will receive approximately \$339 million, including \$200 million in reimbursements for hospitals and nursing homes to counter the costs incurred due to the COVID-19 pandemic.
- The legislature also delegated up to \$55 million for eligible programs or services in response to the negative economic impacts of the public health emergency; up to \$5,000,000 for response and mitigation expenses related to the coronavirus pandemic; and up to \$1,006,797.72 to reimburse costs for the administration, auditing, and reporting requirements of the state fiscal recovery funds.

The Senate Finance and Taxation General Fund committee amended the original iteration of the ARPA bill to ensure there were funds available to help address stormwater issues. Specifically, this amendment defined the use of the \$400 million for water and sewer infrastructure projects so that these funds could be spent on stormwater projects by city governments. The bill was sent to Governor Kay Ivey, and she immediately signed it into law.

It is also important to note that the legislature passed another bill during the special session to pay the final installment of approximately \$60 million owed to the Alabama Trust Fund. The state borrowed money from the Alabama Trust Fund per “The People’s Trust Act” passed in 2013. This bill was also immediately signed into law by Governor Ivey.

Regular Session Resumes – Looking Forward

As we look forward to the regular legislative session, there are some significant topics to watch closely. Firstly, the state’s budget will be the top priority for passage when the Regular Session resumes next week. It is anticipated that Governor Ivey will submit her proposed budget to the legislature on Tuesday. State Finance Director Bill Poole has told lawmakers that the Governor’s proposed budget includes a 6.5% increase, amounting to \$8.79 billion, for education spending and that the General Fund budget proposal for the same period entails an 8.4% increase, bringing the General Fund budget to \$2.97 billion.

Another topic that will be prioritized as the legislative session resumes is the renewal of Alabama's economic incentive programs, including the Alabama Jobs Act. Speaker of the House Nathaniel Ledbetter has repeatedly stated that renewing the state's economic incentive programs is one of the "biggest legislative issues this session," and Governor Kay Ivey has echoed Speaker Ledbetter's sentiment.

Two other topics to keep a close eye on as the Regular Session resumes are telemedicine and school choice. This past Thursday, Senate President Pro Tempore Greg Reed and Senator Will Barfoot both noted while speaking on the Senate floor that using telemedicine delivery to increase and improve access to healthcare, particularly in rural areas, is something that the legislature will be examining during this year's regular session. Lastly, school choice continues to be a prevalent topic of discussion amongst policymakers in Montgomery. There are expected to be numerous proposals that address the school choice topic, but time will tell which plan will gain the momentum needed to get a bill across the finish line.