

# MAYNARD

## COOPER GALE

### 2021 Legislative Update: Week 13

#### Overview

The Alabama Legislature met for two legislative days this week, Tuesday and Thursday, and held numerous committee meetings on Wednesday. By all accounts, it was a productive, non-controversial week in the Alabama State House. But with several big-ticket items remaining, and only three legislative days left in session, next week, the final full week of the 2021 Regular session, is shaping up to include debate over several highly controversial topics. This is particularly true for the House of Representatives, where debate over the comprehensive gaming bill, medical marijuana legalization legislation, and a bill related to transgendered persons will dominate the week. The Senate will likely have its say on those bills next week too, as well as legislation related to broadband internet, recommendations from the Alabama Innovation Commission, and tax credits for rehabilitating historic structures.

As reported below, this week saw action on the Education Trust Fund budget, the State General Fund budget, legislation authorizing the direct shipment of wine, legislation outlining the sale of a dangerous controlled substance, and final passage of the bill that, behind-the-scenes, may have generated for hours of work and compromise than any other this year.

#### Budget Report

On Tuesday, the House of Representatives gave final passage to the Education Trust Fund budget for FY 2022, which begins October 1. With \$7.7 billion in appropriations, this is the largest ETF budget in the state's history and contains \$450+ million more than last year's budget. Local boards of education will see an increase in their appropriation of over \$200 million, colleges and universities an increase of just under \$90 million, and the two-year college system an increase of just under \$42 million. Also included was a two percent pay raise for public education employees at the local public school and two-year college levels, the total cost of which was \$86 million. The Senate concurred in the House-made changes on Thursday, and now the bill awaits Governor Ivey's signature.

On Thursday, the Senate gave final passage to the State General Fund budget for FY 2022. As with the ETF budget, this was the largest State General Fund budget in the state's history with appropriations totaling \$2.4 billion, an increase of 3.74% over last year. The differences between the House and Senate will be worked out in a Conference Committee set to meet over the session's remaining three legislative days.

#### Wine Shipment

House Bill 437 by Representative Terri Collins (R-Decatur) received final passage in the Senate on Thursday. The latest in a string of alcohol-related bills to pass the Legislature this session, this bill would create a direct wine shipper license that would allow wine manufacturers to ship wine directly to Alabamians who are 21 or older. Starting August 1, the licensee could ship up to 12 cases, or nine liters, of wine to be shipped to an Alabama home in the span of a year. This marked the third year in a row that direct wine shipment legislation had been filed in the Legislature. Much of the ideas included in the latest version of the bill came

from a report produced by a task force that met in 2019 under the direction of Senator Jabo Waggoner (R-Vestavia Hills). House Bill 437 joins Senate Bill 125, a bill enacted earlier this year that will allow for the home delivery of sealed beer, wine, and liquor by delivery services, breweries and distilleries, off-premises alcohol licensees and those with on-premises restaurant retail liquor licenses (only when delivered with meals). The Senate also on Thursday approved legislation allowing a winery to open in a dry county and be licensed to manufacture wine for distribution outside of the county. At around the same time, the House gave final passage to another alcohol bill from Representative Collins, this one allowing Alabama's small farm wineries to self-distribute their wines to retailers and sell directly to customers.

### **State Parks**

A two-bill package providing revenue to Alabama's state parks passed the Legislature this week. One bill awaits Governor Ivey's signature while the other, a proposed constitutional amendment, will appear on next year's primary election ballot. Together, these bills authorize the issuance of \$80 million in bonds, with the proceeds spent for the "improvement, renovation, acquisition, provision, construction, equipping, and maintenance" of Alabama's State Parks. The funds would be spent by the Alabama State Parks Enhancement Authority. This bond issue follows in the footsteps of a similar one from 1998 when voters approved a \$110 million issue to help with state parks. In addition, this year's bills, House Bills 565 and 573, both sponsored by Representative Nathaniel Ledbetter (R-Rainsville), authorize an additional \$5 million in bonds to be issued for the Alabama Historical Commission for costs of improving public historical sites and parks, except for the Confederate Memorial Site in Marbury.

### **Tianeptine**

In mid-March, the Alabama Department of Public Health added a substance, tianeptine, to its controlled substance list, making Alabama the second state in the country to do so. Tianeptine, a concept found in several brands of dietary supplements, mimics the effects of opioids when taken in high enough doses. At roughly the same time, House Bill 2, a bill that would add tianeptine to the statutory list of control substances, was making its way through the process. Sponsored by Representative Mike Holmes (R-Wetumpka), the Legislature on Thursday gave final passage to House Bill 2.

### **PBM**

Senate Bill 227, sponsored by Senator Tom Butler (R-Madison), would more heavily regulate the business operations of pharmacy benefits managers, or PBMs, entities that help health insurers manage prescription drug benefits. While passage of this bill might not seem like something that needs to be highlighted, the path this bill took from start-to-finish is a case study in the inner workings of the legislative process. Senator Butler, a pharmacist, had enlisted the members of the Alabama Pharmacy Association in a grassroots advocacy campaign prior to session. Through that, many legislators were educated on the role PBMs play in the drug delivery ecosystem and how, in the minds of more than a few pharmacists, that role is largely unnecessary. But after the bill was introduced, business advocacy groups, particularly the Business Council of Alabama, countered the narrative by announcing that Senate Bill 227, if enacted, would cost Alabama businesses an average of \$1,000 per employee per year. But thanks to encouragement from Senator Butler, House Majority Leader Representative Nathaniel Ledbetter (R-Rainsville), and Senate Majority Leader Clay Scofield (R-Arab), the two sides came together for a compromise bill that passed the Legislature on Thursday. More than one elected official remarked that this was a "good bill" because "no one was completely happy." The issue was contentious, and the views were divergent, but in the end, both sides had something they can live with. The bill now awaits Governor Ivey's signature.

### **Economic Development Legislation**

A Senate committee this week gave approval to a House bill aimed at encouraging economic development in agribusinesses and minority-owned businesses in rural areas. Sponsored by Representative Danny Garrett (R-Trussville) and Senator Bobby Singleton (D-Greensboro), the Alabama Rural, Agribusiness, and

Opportunity Zone Jobs Act could see up to \$50 million invested in certain areas of the state that are economically disadvantaged. Using \$25 million in private capital and \$25 million in federal stimulus funds, the legislation would help mitigate the lending risk of certified rural or small business investment funds that invest in small businesses (under 200 employees) located in small counties (under 50,000 citizens) or federal opportunity zones. The bill is scheduled to be on the Senate floor next week.

### **Election Result**

One vacancy in the House of Representatives is now closer to being filled, while the other is still some months away. On Tuesday, Kenneth Paschal of Pelham won the Republican nomination for House District 73 after defeating Helena City Councillor Leigh Hulseley in a runoff. Paschal and Hulseley had survived a five-man Republican primary. After winning the runoff by 64 votes, Paschal now faces Democrat Sheridan Black in a July 13<sup>th</sup> General Election. The House seat became vacant when former Representative Matt Fridy was elected to the Alabama Court of Civil Appeals last November. The other House vacancy, due to the election of former Representative Kirk Hatcher to the Senate, will be filled in September. The lone remaining legislative vacancy, which occurred when former Senator Cam Ward was appointed Director of the Alabama Board of Pardons and Paroles, will be filled on July 13<sup>th</sup>.

### **Statistics**

Through 27 of a possible 30 legislative days, Representatives and Senators have introduced 1,047 bills - 648 in the House and 405 in the Senate - and 381 resolutions. As of this writing, 322 of these measures have been enacted into law.

The session must end on or before Monday, May 17. Legislators will return to Montgomery on Tuesday, May 4<sup>th</sup>, for the 28<sup>th</sup> legislative day. They will meet next Thursday for the 29<sup>th</sup> legislative day, before taking a one-week break. Representatives and Senators will return to the State House on May 17<sup>th</sup> for the session's 30<sup>th</sup> and final legislative day.

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