

Special session ends without budget

By Zach Tyler, Star Staff Writer, ztyler@annistonstar.com | Posted: Tuesday, August 11, 2015 6:36 pm

MONTGOMERY — The Alabama Legislature’s special session ended Tuesday without a 2016 General Fund budget, and lawmakers seem at odds on the path to that budget in the next session.

Speaking to reporters at a late afternoon press conference at the steps of the Capitol building, Gov. Robert Bentley called the special legislative session a failure.

“I’m disappointed that we were unable to do — or, I should say, the Legislature was unable to do what their only job is ... pass a budget,” Bentley said then. “That was the only reason they were called in, and they failed.”

The governor’s remarks came at the end of a day that saw little to no legislative action in either the House or the Senate, with representatives mired in a series of lengthy debates on two bills.

One of those bills would have required companies and non-profits exempt from sales, use, and lodgings taxes to report to the Alabama Department of Revenue which transactions were exempted from taxes. The other was intended to transfer \$3.5 million set aside last year to build a new women’s prison in Wetumpka back into the Department of Corrections’ operating fund.

The Legislature did not pass any of the stopgap measures intended to shore up the state’s ailing General Fund, such as the transfer of about \$250 million in use taxes from the Education Trust Fund, which bankrolls Alabama’s schools.

The Legislature must pass a budget before the 2016 fiscal year begins on Oct. 1 — which means lawmakers will be called back to Montgomery before then.

“We will be calling them back at a later date,” Bentley told reporters Tuesday afternoon. That date hasn’t been set yet.

“I don’t think they’ll be ready to come back in a week or two,” he said. “We need to let the pressure build ... from interest groups that will be affected by these drastic cuts.”

Bentley called the budgets proposed by the House and Senate during the special session “unworkable and unacceptable.”

The House budget cut \$156 million from Medicaid — which started representatives’ phones “ringing off the hook,” Rep. Steve Clouse, R-Ozark, said on the House floor Monday.



State House

The Alabama State House

The Senate budget cut less deeply into Medicaid, but distributed much less money to the judicial system, state Law Enforcement Agency, and mental health treatment.

“We keep hearing these tales that this is a crisis,” Senate President Pro Tem Del Marsh, R-Anniston, said in his office Tuesday.

“But the reality is, these agencies who are being cut may in fact, just within their own ranks, make the changes and be able to sustain, to operate,” Marsh said. “Until we’ve made the budget and passed it, you’re never gonna know that.”

Marsh feels that many of the agencies facing drastic cuts would survive on federal funding, which he said accounts for a majority of, for example, the Alabama Department of Labor’s budget.

One thing Marsh said he was certain of Tuesday: “Right now, I do not see the Senate moving toward any revenue measures,” he said.

Marsh has said before he senses “no appetite” from senators for new taxes.

The governor, on the other hand, says those taxes are required for a “long-term fix” to Alabama’s budget-woes saga.

“We have to have taxes,” he said, and “if we don’t have a certain number of fair taxes, we won’t solve this issue.”

Alabama needs \$300 million, he said, to solve that issue.

“We’ve set a very clear, concise way of solving this issue” through the transfer of use tax money from the Education Trust Fund, plus a combination of “fair taxes,” Bentley said.

Marsh agreed that moving about \$250 million from the Education Trust Fund’s use tax purse would help, and said there is support in the Senate for that measure — but it failed in this past special session.

“The problem we ran into this time, on the shift of the use tax,” Marsh said, was that “we could not get an agreement on what the backfill would be” — or, what would replace the money taken from the education fund.

He pointed to bills passed during the special session that potentially add to or save from spending as much as \$30 million in education fund money.

“If we have to move some of that use tax, you can justify that,” Marsh said, “because you just put \$30 million into it with the passage of these bills.”

But lawmakers in the House this week said they’d realized they couldn’t cut their way to a balanced budget, and some expressed support for tax measures.

“I’ve talked to a lot of people in my district, and there is an appetite” for raising some taxes, said Rep. K.L. Brown, R-Jacksonville.

Raising the property tax would be the most fair thing to do, Brown said, adding that he was “furious”

when the cigarette tax died in committee.

“I thought that might be a no-brainer,” he said.

Brown feels the tax on tobacco might be resurrected in the next special session, and coupled with other revenue-generating measures, could be used to fix Alabama’s budget.

A major obstacle to those taxes: senators and representatives who “have vowed they will not pass any kind of revenue measure.”

“There’s not a lot of camaraderie between the Senate and House right now,” Brown said. “I just don’t see how we can balance the budget without some new revenue.”