

Beth Kinsert

BCA BULLETIN

LEGISLATIVE

A Weekly Update on Legislative Activities Provided by the Business Council of Alabama

A regular session publication

April 18, 1997

Issue Eleven

House, Senate continue work on budgets

The House passed the \$949 million general fund budget on Tuesday while the Senate worked on the education budget. The Senate took no action on the education budget due to a filibuster by Sen. Phil Poole.

On Thursday, the House passed the Governor's \$700 million road bond issue. The Senate approved a \$3.6 billion education budget for 1997-98. The biggest difference between the House and the Senate version is the funding for universities. The Senate version would give universities a 2 percent increase while the House version provides slightly more than 1 percent. The education budget now goes to conference, and the general fund budget goes to the Senate. The House on Thursday wasted no time in dealing with the welfare

reform package which has already passed the Senate. Four of the five bills were discussed, voted on, and passed within about two hours. With few exceptions, the legislation is aimed at meeting the demands of the new federal welfare reform mandates.

SB 457, the Personal Responsibility and Work Opportunity Reconciliation Act, was held over until the House reconvenes next Tuesday. Led by Rep. John Knight, a group of lawmakers raised several questions about this rather detailed piece of legislation. Among other things, SB457 outlines plans by which the state will put welfare recipients to work. It is also the bill containing a variety of tax incentives for businesses hiring welfare recipients in counties with chronically high unemployment.

Tax bills clear committee

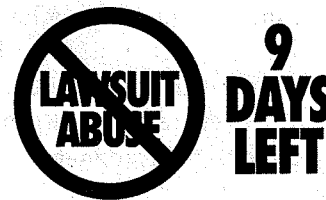
SB 598 by Sen. Dewayne Freeman (D-Huntsville) and Rep. Ralph Burke (D-Rainsville) was passed by the House Ways & Means Committee on Wednesday. SB 598 is the Income Tax Conformity Act which makes changes in several areas of state law to conform to federal tax laws. BCA proposed the bill which became necessary when Congress passed the Small Business Job Protection Act of 1996. SB 598 was substituted by the Committee in order to make a number of changes requested by the Department of Revenue and other interested parties. This bill is now ready to be

considered by the full House. HB 917 by Rep. Ralph Burke (D-Rainsville) also passed the House Ways & Means Committee on Wednesday. HB 917 clarifies the definition of "ingredient or component" for purposes of the sales and use taxes. For a number of years, the definition under the sales tax and the use tax were different which creates a problem for businesses and the Department of Revenue. This legislation, proposed by BCA and other associations, provides for the same definition under both taxes.

Tort reform update

Attention continues to be focused on the Senate in the debate over tort reform. Governor James called a press conference on Wednesday to challenge the Senate to take action on his civil justice reform package. Three of his four bills have passed the House and are pending in the Senate Judiciary Committee, where they have been held without action since Feb. 25. Lt. Governor Siegelman was quoted this week as saying that the Senate would take up the education budget and the general fund budget before it would consider tort reform. The Senate passed the education budget this week and could consider the general fund budget at anytime now that it has passed the House.

..... continued on page two



The Alabama Legislature has only nine meeting days left in its current session which means only nine days remain to solve Alabama's lawsuit abuse problem. The package of tort reform bills that have been endorsed by the Governor, Attorney General and Speaker of the House and approved by an overwhelming majority of the House of Representatives is currently in the Senate Judiciary Committee. Please contact your State Senator and ask him or her to do everything possible to bring the Governor's bills to the floor for full and open debate.

Time is running out.

..... Tort reform update *continued from page one*

The Senate Judiciary Committee met Thursday morning and had the tort reform bills as part of the agenda, but the bills were carried over until the following week. Chairman Roger Bedford noted that he is still trying to work out a compromise between all sides and that the bills would probably be considered next week.

It is extremely important for you to contact your Senators now to let them know that you support the Governor's package of bills and that Alabama's lawsuit abuse problem needs to be resolved. As long as we continue to

have lawsuit abuse problems in Alabama, we are at a competitive disadvantage with our neighboring states. The Legislature has only nine more meeting days to solve this problem – time is running out. Please see the box on this page to find out how to contact your Senator.

ACJRC has worked to keep this issue at the forefront for legislators. The ad on page four ran Wednesday in most of the major dailies. Other ads are also being created. We will keep you updated on our media efforts as they progress.

Unemployment benefit increase moving

SB 324 (Denton, D-Florence), a compromise bill supported by both business and labor, was reported from the House Business and Labor Committee Wednesday. This legislation would increase the maximum weekly unemployment benefit by \$10 and would raise the threshold required to qualify for unemployment benefits by raising the minimum benefit by \$23. The bill also would allow the Department of Industrial Relations (DIR) to use income tax refund setoff to collect overpayments of unemployment benefits. The bill is expected to move to the floor of the House for final passage in the next few weeks.

Broad-based coalition fights mandated chiropractic benefits legislation

The BCA is part of a large coalition of associations, local governments and workers' compensation funds that has formed to fight legislation that seeks to change workers' compensation law that is just beginning to produce positive results for Alabama's employers. In 1992 when Alabama's workers' comp rates were among the highest in the nation, the Business Council led a successful fight to reduce rates and increase the availability of coverage for employers. Now, legislation introduced in the state legislature (HB 189 and SB 127) attempts to tamper with the very system that is helping to reduce costs by legislating greater market share for chiropractors in workers' comp claims.

These bills would grant chiropractors preferred status among workers' compensation physicians by *mandating* that upon the request of an injured employee the initial treating physician in workplace injuries *shall* be a chiropractor. The bill goes on to dictate that if the employee is not satisfied with the initial treating physician, a chiropractor shall be

included on the current panel of four physicians from which the employee may select treatment-at the employer's expense. This legislation will impair an employer's ability to manage WC claims, increase costs and set the stage to enact other costly mandated benefits.

No other health care provider has a legislated mandate to handle WC claims. Why should chiropractors be singled out to receive special treatment? This bill is an attempt to legislate market share for chiropractors. If chiropractors are successful, be assured that other health care providers will line up to demand their "fair share."

Chiropractors currently have the same access to WC claims as other medical specialties but they want more. The chiropractors are the only beneficiaries of this legislation. Employers and employees stand to lose through the enactment of costly mandates and the infringement on employer's ability to select and approve the appropriate medical providers for injured employees.

Recommended Action: Contact your local legislators with a phone call, fax or letter and request that they oppose this legislation. You may fax a letter, addressed to your legislator, to Ben Patterson at BCA's toll free fax 1-800-221-8185 to be hand delivered.

BCA Governmental Affairs staff *working for you*

Toll Free	800/221-8184
Toll Free Fax	800/221-8185

How to contact your legislators

House

Alabama State House
11 South Union Street
Montgomery, AL 36130
334-242-7600

Senate

Alabama State House
11 South Union Street
Montgomery, AL 36130
334-242-7800

DSW 133123

Federal Issues

For more information please call

Riley Sikes at 334/240-8759

AIR QUALITY STANDARDS

Two House Small Business Subcommittees held a joint hearing this week to examine the Environmental Protection Agency's compliance with the Small Business Regulatory Enforcement Fairness Act (SBREFA) which requires federal agencies to review the impacts of new regulations on small business. In accordance with SBREFA, EPA must prepare a regulatory flexibility analysis and convene a Small Business Advocacy Review Panel to allow small firms to give their perspective. Although the Small Business Administration is one of many federal agencies concerned with the proposed air quality standards, EPA maintains that the rules are mandates on states rather than business and are, therefore, not subject to SBREFA.

Please contact each member of the Alabama delegation thanking them for their continued attention to this issue and urging Congressional oversight of EPA on the proposals. If you would like information on how these proposed regulations could impact **your** business, please contact Riley Sikes at 334-240-8759.

CAPITAL GAINS TAXES

Senate Majority Leader Trent Lott (R-Mississippi) predicted that President Clinton would sign into law this year a reduction in the capital gains tax. Although he favors complete elimination of the tax, Lott believes lowering the rate to 19.8 percent is an acceptable proposal to both Congress and the White House. Although the

Administration's FY 1998 budget proposes eliminating the capital gains tax on most principal home sales, the President has indicated he could accept broader cuts in the context of a balanced budget plan.

LABOR DEPARTMENT

A full Senate vote on Mobile native Alexis Herman as Secretary of Labor was postponed until Republican Leadership receives clarification of two executive orders President Clinton is preparing to issue.

On Monday, Vice President Gore reiterated the Administration's commitment to change federal contracting rules allowing contracts only to companies with "satisfactory" labor and employment practices and the Administration's encouragement of federal agencies to consider labor agreements for government-funded projects.

The BCA stands ready to fight any attempt to politicize the contracting process.

LINE ITEM VETO

A federal court ruled in *Byrd v. Raines* that the line item veto law (Public Law 104-130) is an unconstitutional transfer of law-making power to the executive branch. The case will likely go to the Supreme Court.

Unless the Supreme Court stays the ruling, the law remains void.

How to Contact Your U.S. Representatives

U.S. SENATE	(202) 224-3121
U.S. HOUSE	(202) 225-3121

Environmental Issues

SB 683 by Sen. Bedford (D-Russellville) and companion bill HB 1028 by Rep. Millican (D-Hamilton) would establish State Parks and other state-owned land as the "Alabama Wilderness System." The legislation would place restrictions on the Dept. of Conservation and Natural Resources and the Dept. of Environmental Management in management of land and waters within and adjacent to any area designated as a wilderness area. BCA opposes this legislation.

SB 574 by Sen. Mitchell (D-Luverne) and companion bill HB 838 by Rep. Guin (D-Carbon Hill) would set up a legislative oversight committee to monitor ADEM in the

establishment of a State Implementation Plan for ozone. ADEM has written an amendment, which BCA supports. BCA has a neutral position on the overall legislation. Neither bill moved this week in either house.

The River Basin Compacts legislation which BCA supported early in the session has also passed the Florida legislature. The legislation has passed in Alabama, Georgia and Florida and now goes to Congress. The legislation has to go through the process in Congress and appears to be heading to the Judiciary Committee of each body. Please let your Senator and Congressman know of your support for this legislation.

DSW 133124

Campaign & election reform

Rep. Mike Box (D-Mobile) offered a substitute to his bill creating the non-partisan election of judges in the House Constitution & Elections Committee this week. The substitute, as adopted, limits the non-partisan races to circuit and district court elections. With only a few minutes of meeting time available before the full House convened, Republican members of the committee successfully used procedural tactics to stall, preventing a vote on the bill by the Committee. As a result, Chairman Jack Venable (D-Tallassee) adjourned the committee meeting without having acted on any legislation on the committee agenda.

Introductions of note

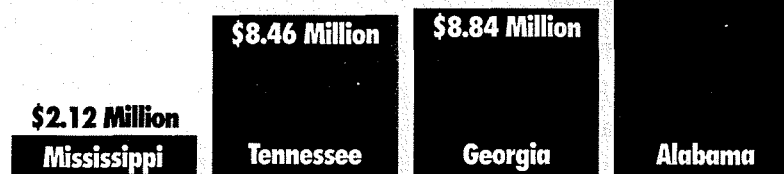
HB 1012 by Rep. Nelson Starkey (D-Florence) clarifies that current law exempts from use tax only that property sold at retail in Alabama on which sales tax was paid. A recent court decision necessitated this legislation and could have the effect of decreasing use tax revenue by as much as 100%, which would mainly impact our schools.

HB 1018 by Rep. Frank McDaniel (D-Albertville) reaffirms the powers of the courts and the Legislature under the separation of powers doctrine and the constitution and statutes of the state.

THOSE WHO FEED OFF LAWSUIT ABUSE SAY THEY DON'T SEE THE PROBLEM

**\$80.30
Million ***

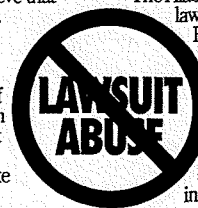
THE REST OF US DO.



*Punitive damages affirmed, 1989-1996. George L. Priest, Professor of Law, Yale Law School

The Trial Lawyers would have you believe that lawsuit abuse is not a problem in Alabama. They say that the "business community" is making the whole thing up.

The truth is, since 1989, Alabama has been hit for **\$80 million** by those living off lawsuit abuse. That's **ten times** more than our sister states! That's a real problem that needs fixing. Because lawsuit abuse costs each of us every time we buy essentials like food and medicine.



The Alabama Senate now has a chance to **end** lawsuit abuse in our state. The Alabama House has sent the Senate the Governor's package of lawsuit reform bills that will put us in line with our sister states. That's a reasonable solution to a real problem.

So the next time you hear someone say that lawsuit abuse is not a problem in Alabama, show them this ad.

LAWSUIT ABUSE ABUSES ALL OF US.

Paid for by Alabama Civil Justice Reform Committee, John McMillan, Chairman, Box 11594, Montgomery, AL 36111