



MBAAL STATE HOUSE UPDATE

Week 1 Recap: 2019 Regular Session *(March 15, 2019)*

The 2019 Regular Session has been on hiatus since gaveling in on March 5. In the meantime, a bipartisan group of legislators overwhelmingly approved **Gov. Kay Ivey's** "Rebuild Alabama" plan, which provides for a gradual 10-cent increase in state gasoline taxes to pay for infrastructure projects throughout the state and at the Port of Mobile. The final vote in the 105-seat House was 84-20, while the 35-seat Senate approved the bill with a 28-6 vote. The legislation was sponsored by **Rep. Bill Poole (R-Tuscaloosa)** and **Sen. Clyde Chambless (R-Prattville)** and passed in the shortest amount of time that a bill can go from introduction to enactment.

With the special session concluded, the Legislature will resume its Regular Session next Tuesday, March 19. The list of bills important to mortgage bankers in particular, and to the entire financial services industry in general, is sure to grow during the session as more and more bills are introduced. But right now, at the top of the radar are **House Bill 37** and **House Bill 133**.

Sponsored by freshman Republican **Rep. Scott Stadhagen (R-Hartselle)**, **HB37** would require any state entity that receives "state tax receipts" that are designated for a particular purpose to annually transfer to the State General Fund at least 90 percent of any remaining unexpended receipts, with the amount retained being used exclusively for employee bonuses. Similarly, **HB133**, sponsored by Judiciary Committee Chairman **Rep. Jim Hill (R-Moody)**, would require all state taxes or fees that are not distributed to the Education Trust Fund or State General Fund, or constitutionally distributed to a specific fund for a specific purpose, to be deposited into the State General Fund and appropriated by the Legislature.

Why do we care about these bills? Because the assessments banks are statutorily required to pay in order to fund the State Banking Department fit squarely into the categories described above and, consequently, could be diverted from the department to other state agencies. The Banking Department is not alone in this regard, as many other state agencies, such as the Alabama Credit Union Administration, the Alabama State Bar, and the Medical Examiners Licensure Board, are "self-funded" through fees and assessments levied by the agency against its licensees or members. The issue of diverting these statutorily-prescribed agency funds is one that has caught the attention of the financial services industry for years, so we will certainly keep our eyes on these two pieces of legislation.

As of the first legislative day, representatives have introduced 216 bills – 135 in the House and 81 in the Senate. The 2019 Regular Session can last for no more than thirty legislative days and must end on or before June 17th. The session's second legislative day begins Tuesday at 3:00 pm.