

# MAYNARD

## COOPER GALE

### 2022 Legislative Update: Week 2

#### Overview

Alabama legislators returned to Montgomery on Tuesday, January 18<sup>th</sup>, for the start of week two of the 135<sup>th</sup> Regular Session of the Alabama Legislature. As expected, Governor Ivey called a special session and directed legislators to work on appropriating the Federal American Rescue Plan Act (ARPA) funds. As the special session started on Wednesday, the regular session was paused and is expected to resume on February 1<sup>st</sup>. In the interim, legislators are expected to produce a plan for the spending of \$770+ million dollars provided by the Federal Government.

#### ARPA

The special session was kicked off with the introduction of what is shaping up to be strong bi-partisan supported legislation to allocate federal relief funds to address broadband connectivity and access, water and sewer infrastructure, healthcare, and other pandemic-related items. On Wednesday, a handful of bills were introduced and received favorable consideration in both chambers. Following the initial votes on the bills, a joint Senate and House General Fund public hearing was conducted. At the hearing, legislators heard from State agency heads regarding the needs for the funds and plans for spending. Formal hearings by the Senate Finance and Taxation General Fund Committee and the House Ways and Means General Fund Committee were held later to formally advance the bills. Both committees provided favorable reports on each piece of legislation setting the table for final debate and passage of the spending plans next week.

As of now, the spending plans for the ARPA funds are as follows:

#### ARPA Coronavirus State Fiscal Recovery Fund

- \$225M to the Alabama Department of Environmental Management for water and sewer infrastructure
- \$80M to the Alabama Hospital Association and the Alabama Nursing Home Association for healthcare and pandemic reimbursements
- \$80M Unemployment Compensation Trust Fund to reduce rates on employers
- \$51M to the Alabama Department of Economic and Community Affairs for broadband
- \$8M for administrative and reporting expenses

#### ARPA Capital Project Fund

- \$192M for broadband and broadband capital assets

#### ARPA Revenue Replacement Fund

- \$137M to the Department of Finance for broadband, emergency response providers, rural hospitals, telemedicine expansion, pandemic-related healthcare services, and reimbursement to local governments for inmate housing

### **More Special Session Legislation**

In addition to the ARPA Funds legislation, both chambers saw the introduction of bills that provide for the reduction of the individual federal income tax deduction related to the federal earned income tax credits, child tax credits, and the child and dependent care tax credits for the 2021 tax year. Additionally, legislation was introduced in both chambers proposing a Constitutional Amendment to grant awards from federal funds and other public funds to private and public entities for certain broadband infrastructure expansion.

### **What's Next**

Legislators will return to Montgomery on Tuesday, January 25<sup>th</sup> and are expected to conclude the special session no later than Thursday, January 27<sup>th</sup>. If all goes as planned, the regular session will resume Tuesday, February 1<sup>st</sup>.

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