



Bentley won't propose tax increase if Alabama voters reject Sept. 18 referendum

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By **David White -- The Birmingham News**



AP Photo/Dave Martin

In this Jan. 11, 2012 photo, Alabama Gov. Robert Bentley speaks to the media in his Capitol office in Montgomery, Ala. (AP Photo/Dave Martin)

MONTGOMERY, Alabama -- Gov. Robert Bentley said he will not propose a tax increase if voters on Sept. 18 reject a **plan he's supporting that would transfer more than \$437 million** from a trust fund to the state General Fund for non-education services.

"I have made a promise to the people of this state that I'm not going to increase taxes on the families of this state. And I'm going to live up to my word," Bentley said in an interview.

Bentley also said he would oppose any broad-based taxes proposed in coming months and veto them if they're passed by the Legislature. The next regular legislative session starts Feb. 5. He also said his opposition to new taxes would include any proposed tax increases on tobacco or soft drinks.

"We've had fees that have been increased, but a general tax on the population, I just don't think that's the way we solve things now," Bentley said.

Bentley said he thinks state voters **in the Sept. 18 referendum** will agree to rewrite the state constitution to allow special transfers from the Alabama Trust Fund to the General Fund. Lawmakers proposed the amendment in May, but it won't take effect unless voters agree.

"This is just a bridge to get us through this difficult time, which is the most difficult time this state has faced since the Great Depression," he said. "If they understand that, then the majority of people will vote and allow us to do what we've done."

But if voters reject the plan, Bentley's no-tax position means state lawmakers almost certainly won't pass a tax increase, said state Sen. Arthur Orr, R-Decatur, who chairs the Senate committee that oversees the General Fund.

"Governor Bentley's very resolved stance on this issue makes it extremely unlikely that there will be any possible tax increases if the amendment fails," Orr said.

Voters on Sept. 18 will decide whether to rewrite the state constitution to make special transfers of \$145.8 million a year in each of the next three fiscal years from the Alabama Trust Fund to the General Fund, **which supports Medicaid**, prisons, courts and other non-education areas of state government.

The trust fund has about \$2.3 billion in invested assets and collects most of the royalties paid the state by companies that pump natural gas offshore.

The amendment, if approved, also would change the decades-old way that regular, annual payments are made from the trust fund to the General Fund in a way that could boost payments by as much as \$52 million next year, estimated the Legislative Fiscal Office.

So in all, the General Fund budget that lawmakers approved for fiscal 2013, which starts Oct. 1, counts on spending as much as \$197.8 million that will be available only if voters pass the Sept. 18 referendum.

If the referendum fails, some conditional spending would be cut, but the General Fund's budgeted spending of \$1.67 billion next year still would exceed expected revenues by \$184.8 million, 11 percent.

Bentley said he already has asked department heads to develop contingency plans for reduced spending next year in case the referendum fails.

"They understand, and some have been very good. They're bare-bones," he said. "Some, they probably have not done as well as they should. But they're going to do it. If they work for me, they're going to do it."

State Sen. Roger Bedford, D-Russellville, said he believes harmful cuts in Medicaid and mental health services would follow if the referendum fails and no taxes are raised by Bentley, a Republican, and the Republican-controlled Legislature.

"They don't understand that in tough times leaders have to step forward or the taxpayers suffer," Bedford said.

He said that if the referendum fails, a tax increase or other revenue increase "has to be on the table" if coupled with reforms aimed at serving the state's greatest needs in the most cost-effective ways.

Bedford said he thinks Bentley and many Republican legislators are looking to the Republican primary in 2014 and taking a no-new-tax stance for political reasons. "By proposing no new taxes, they keep somebody from getting to the right of them in the Republican primary and beating them," Bedford said.

Rep. Joe Hubbard, D-Montgomery, also warned of cuts in Medicaid health care for the poor and disabled if the referendum fails and taxes aren't raised. Hubbard earlier this year proposed a \$1-per-pack cigarette tax that would raise an estimated \$227.5 million a year. The plan went nowhere in the Legislature and died.

He said he thinks Bentley is vowing to oppose tax increases in a bid to "put pressure" on voters to vote yes Sept. 18 and provide them with no option but cuts in state services if the referendum fails. "It's not leadership. It's scare tactics," Hubbard said.

"I'm shocked that the governor has taken such an intransigent position, and frankly, such a short-sighted and irresponsible position," Hubbard said.

But Bentley said his opposition to broad tax increases keeps an old promise. "I have to be consistent in what I've said, and I have been opposed to general taxes on families of the state," he said.

State Rep. Jim Barton, R-Mobile, said he thinks a strong opposition in the Legislature to raising taxes, even if the referendum were to fail, is matched by a strong opposition by the public to paying higher taxes.

"People are still hurting. There's no mood within the Legislature to raise taxes and I'm certain there's no mood among the citizens of Alabama to raise taxes," said Barton, who chairs the House committee that oversees the General Fund.

State Rep. Micky Hammon, R-Decatur, the House majority leader, agreed. "I don't think we'll have any new taxes," he said.

"I think the voters, the people of the state, are hurting now. No one wants any tax increases now," Hammon said. "Our economy is in bad shape. Families are struggling."

State Sen. Trip Pittman, R-Montrose, said he hopes voters approve the Sept. 18 referendum. He said money from the trust fund would help the state "get through these tough times and still maintain a diminished level of essential services for the state."

But Pittman, who chairs the Senate committee that oversees the education budget, predicted that even if the referendum fails, the Legislature would not pass tax increases. "They're permanent," he said.

Sen. Del Marsh, R-Anniston, the top-ranking state senator, said some legislators have signed a no-tax pledge. "I don't see any appetite for any type of tax increases," Marsh said.

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