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Committees OK military payday loan rate cap, TANF drug tests

Alabama would enforce a federal interest rate cap on payday loans to military members and their families if a bill approved by a Senate committee Wednesday becomes law. Senate committees also signed off on a proposal to require drug tests for certain applicants for Temporary Assistance for Needy Families (TANF), a plan to sell bonds to buy equipment for K-12 career and technical education, and a bill to increase the state income tax credit for rural doctors.

Senate panel approves rate cap for military families

State regulators would have the power to suspend or revoke the licenses of payday lenders that break federal law capping interest rates on loans to military families under a bill that the Senate Veterans and Military Affairs Committee approved 5-0 Wednesday. The Military Lending Act, enacted in 2007, limits the annual interest rate on payday loans to military members or their dependents to 36 percent.

SB 160, sponsored by Sen. Bryan Taylor, R-Prattville, would specify that state authorities can revoke a lender's license for violating that federal limit. Separate, broader legislation that would impose a 36 percent interest rate cap on payday loans to all Alabamians – HB 320, sponsored by Rep. Patricia Todd, D-Birmingham – awaits consideration by the House Financial Services Committee.

TANF drug testing bill advances to Senate

TANF applicants convicted of using or distributing drugs in the last five years would have to take a drug test before receiving benefits under a bill that the Senate Fiscal Responsibility and Accountability Committee approved 5-0 Wednesday. SB 191, sponsored by Sen. Trip Pittman, R-Montrose, would require Alabama to pay for the initial test. Applicants who failed the first test would have to pay for later tests, but the state would have to reimburse them if they pass. The measure would take effect in October 2014.

Applicants who failed the initial test would receive a warning that they would lose benefits if they failed another screening. Upon a second failed test, applicants would lose TANF benefits for one year. A third failed test would result in a lifetime ban. Parents deemed ineligible could designate someone else to receive benefits on their children's behalf.

Committee approves career tech bonds, larger tax break for rural doctors

The Senate's education budget committee Wednesday signed off on a bill to allow Alabama to sell bonds to buy new equipment for K-12 career and technical education. HB 102, sponsored by Rep. Mac Buttram, R-Cullman, would authorize the state to issue up to \$50 million in bonds. Of that amount, \$10 million would go to local school systems based on their current number of career tech units, and \$20

million would be allocated proportionally based on career tech enrollment. The other \$20 million would flow to a 21st Century Workforce Fund that would award grants based on needs assessments.

The committee also voted Wednesday to expand Alabama's existing income tax credit for physicians who practice in rural areas as defined by the U.S. Department of Agriculture. SB 73, sponsored by Sen. Gerald Dial, R-Lineville, would ratchet up the annual credit from \$5,000 to a maximum of \$8,000 by 2016. The bill also would allow eligible doctors to claim the credit for up to eight consecutive years starting in 2016, up from the current five-year limit. Dial said the legislation would improve public health and boost rural economic development by encouraging more doctors to set up shop in rural counties. "If a kid's not healthy, the kid can't go to school," Dial said.

The credit expansion would cost Alabama's education budget about \$1.2 million annually, the Legislative Fiscal Office estimates. Alabama Education Association spokeswoman Susan Kennedy argued that an appropriation, not a tax credit, would be a better way for the state to promote rural medical access. "I'm for doctors," Kennedy said. "I just don't want the third-graders to have to pay for them."

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