

Legislative Report for the Associated Builders & Contractors of Alabama

January 30, 2026

The Alabama Legislature convened for two legislative days, and one committee day, this past week, completing now 8 days of the 2026 Regular Session. Lawmakers will return on Tuesday to begin their ninth legislative day, out of a maximum of 30.

FY 2027 Budget Outlook: Clouds on the Horizon

Lawmakers reviewed the Ivey Administration's proposed Fiscal Year 2027 budget during a joint General Fund hearing this week. Legislative budget leaders warned of significant fiscal challenges ahead despite Alabama's current strong financial position.

The proposed General Fund budget would spend approximately \$28.5 million less in FY 2027 than the current FY 2026 year, due to a forecasted 4.2% decline in revenue when the new fiscal year begins on October 1, 2026.

Revenue Challenges:

- **ARPA Funding Expiration:** American Rescue Plan Act funds will be fully spent by the end of 2026, creating a revenue drop in FY 2028.
- **Declining Interest Income:** Interest on state deposits is declining as economic conditions shift.
- **Online Tax Lawsuit:** An ongoing lawsuit over online income tax distribution adds uncertainty to revenue projections.
- **Revenue Decline:** General Fund revenue is forecasted to decline 4.2% in FY 2027.

Spending Pressures:

- **Employee Health Insurance:** The State Employees Insurance Board is requesting a major funding increase to address rising healthcare costs in FY 2027.
- **Medicaid:** Medicaid remains the largest General Fund expense and is expected to need a significant increase.
- **CHIP Funding Shortfall:** Governor Ivey is requesting an immediate \$19.2 million infusion from the \$419 million Education Trust Fund supplemental funding bill to cover the Children's Health Insurance Program's budget shortfall. The shortfall resulted from faulty estimates when officials prepared the 2026 budget request in 2024, due to Medicaid coverage expiring from the waning COVID-19 pandemic.
- **Retirement System Costs:** The Teachers' Retirement System is requesting \$1.3 billion (an increase of \$114.9 million). The Employees' Retirement System is requesting \$342.6 million (an increase of \$23.5 million).

Senate General Fund Chairman Greg Albritton said he plans to "hold the line" on General Fund expenses, with addressing the insurance shortfall as his first priority. When asked about pay raises for state employees, Albritton stated: "I know it's an election year, I know there will be pressure, but I am extremely cautious about being able to do either and certainly not both."

Education Trust Fund budget hearings are scheduled for Monday, February 2.

Mobile Bay Dredging Reform Clears House, Moves to Senate **HB181 – Sponsored by Rep. Rhett Marques**

The House approved legislation to establish new requirements for dredged material from large coastal dredging projects. The bill addresses concerns from oyster farmers, fishermen, and environmentalists about the Army Corps of Engineers depositing dredged sediment back into Mobile Bay—a practice critics call "mud dumping."

Key Provisions:

- **Beneficial Use Requirement:** Requires the Corps to use at least 70% of dredged material for beneficial purposes, including marsh creation, shoreline protection, industrial applications, and coastal habitat restoration.
- **Defining Beneficial Use:** Clarifies that dumping dredged material into public waters does not qualify as beneficial use under Alabama law, unless part of a shoreline restoration or marsh creation project.
- **Federal Responsibility:** The Corps remains responsible for maintaining the Mobile Harbor Ship Channel. The legislation does not alter dredging operations themselves.
- **Federal Funding:** All disposal costs remain fully federally funded.
- **Regional Alignment:** Places Alabama alongside Florida, Georgia, Louisiana, North Carolina, and Virginia in limiting in-bay disposal.

Alabama Resilience Council Passes Senate, Heads to House **SB137 – Sponsored by Sen. Steve Livingston**

The Senate passed legislation this week to permanently establish the Alabama Resilience Council, bringing together state, local, and private-sector leaders to strengthen Alabama's infrastructure, economy, and communities against future disasters. The bill now moves to the House.

Key Provisions:

- **Permanent Advisory Council:** Establishes the Alabama Resilience Council as an appointed advisory group within the executive branch.
- **Chief Resilience Officer:** Creates a Chief Resilience Officer position to coordinate statewide disaster preparedness and recovery efforts.
- **Statewide Resilience Plan:** Requires a comprehensive resilience plan within two years, including risk assessments, prioritized actions, and implementation strategies.
- **Dedicated Funding:** Creates the Alabama Resilience Council Fund to support operations, beginning in fiscal year 2028.

Construction and Infrastructure Bills to Watch

Several bills impacting construction, contracting, and infrastructure advanced this week:

Playground Equipment Exemption from Title 39 (SB196)

Sponsor: Senator Steve Livingston

Status: Pending Senate floor vote

Senator Livingston's bill to exempt contracts for the purchase, design, and installation of playground equipment from competitive bidding requirements received approval from the Senate County and Municipal Government Committee on Wednesday.

Scope: Includes slides, swings, climbing equipment, splash pads, fencing, safety surfacing, and shade structures.

- **Note:** While exempted from Title 39, these contracts must still comply with other legal procurement requirements.

Online Publication of County and Municipal Audits and Budgets(SB105)

Sponsor: Senator Keith Kelley

Status: Pending Senate floor vote

This bill requires all county and municipal governing bodies to publish their financial statements, audits, monthly expenditures, and budgets online.

- **Smaller Localities:** Entities without an official website must forward data to the Association of County Commissions of Alabama or the Alabama League of Municipalities for publication.
- **Contractor Impact:** Increased transparency helps firms identify upcoming projects and align pricing more accurately during bid preparation.

Emergency Rule Accountability(HB136)

Sponsor: Representative Chris Pringle

Status: Pending House floor vote

Representative Pringle's bill to curtail the use of "emergency rules" by state agencies received approval from the House State Government Committee.

- **The Requirement:** Requires the Governor to personally certify an immediate danger to public health, safety, or welfare before an "emergency rule" can take effect.
- **The Intent:** Ensures agencies cannot bypass the standard 35-day public notice period without explicit gubernatorial approval.

Contract Review Committee Recommendations (SB40)

Sponsor: Senator Sam Givhan

Status: Pending Senate floor vote

Senator Givhan's bill to empower the Legislative Contract Review Committee to formally recommend that the Governor not sign a pending contract received approval from the Senate State Governmental Affairs Committee, allowing the bill to proceed to the full Senate.

- **Current Authority:** The committee can currently only delay contracts.
- **New Authority:** Would empower the committee to formally recommend against professional services contracts under review.

School Construction Inspections(SB88)

Sponsor: Senator Larry Stutts

Status: Pending Senate floor vote

This bill exempts K-12 schools and universities from Department of Finance (Division of Construction Management) inspections for capital projects valued at less than \$750,000.

Environmental Protection Criteria(SB71)**Sponsor:** Senator Donnie Chesteen**Status:** Pending Senate floor vote

Prohibits state agencies from adopting environmental standards more stringent than federal law; requires new state rules to be based on "best available science" when no federal law exists.

Sunset Law for Alabama Construction Recruitment Institute (SB103)**Sponsor:** Senator Keith Kelley**Status:** Pending Senate floor vote

Continues the Alabama Construction Recruitment Institute (ACRI) with modifications until October 1, 2030; would make ACRI a division of the Department of Workforce. Industry is engaged with the sponsor and it's likely the bill will be amended back to a standard sunset bill reauthorizing ACRI for two years. The bill will also likely instruct the Alabama Workforce Agency, ACRI, and industry stakeholders to work together on a plan to statutorily make ACRI a division of the Workforce Agency.

Prepare Alabama Investment Program (SB111)**Sponsor:** Senator Chris Elliott**Status:** Pending in the Senate Finance and Taxation Education Committee

Creates tax credits for donations to local foundations supporting career technical education for construction, development, and upgrading of trade program facilities.

Public Works Contracts Exemption (SB75)**Sponsor:** Senator Donnie Chesteen**Status:** Committee Meeting Scheduled

Clarifies that awarding authorities may purchase materials or equipment via cooperative purchasing agreements even when part of a public works contract otherwise subject to Title 39 requirements.

Port Infrastructure Grants(HB135)**Sponsor:** Representative Chip Brown**Status:** Pending in the House Ways and Means Education Committee

Seeks to increase annual ADECA appropriation from \$2 million to \$5 million through 2028 for competitive grants for capital improvements and dredging for inland and coastal ports. Local projects must provide at least 20% match; state funding cannot exceed 50% of total project cost.

Associated Builders and Contractors

BILL TRACKING REPORT

January 30, 2026

"GREEN" - ABC Supports / "YELLOW" - In Review (Pending) / "RED" - ABC Opposes

Bill	Sponsors	Title	Last Action	Latest Version
AL 2026rs SB 196	Livingston	Competitive bidding; purchase and installation of playground equipment by public K-12 schools, exempted Senate Calendar: Regular Calendar (February 03, 2026) Position: 50	Senate, Jan 29, 2026: Read for the Second Time and placed on the Calendar (County and Municipal Government)	Introduced
AL 2026rs SB 101	Kelley	Sunset law; Alabama Board of Electrical Contractors continued until October 1, 2028 House Calendar: Regular Calendar (February 03, 2026) Position: 49	House, Jan 29, 2026: Read for the Second Time and placed on the Calendar (Boards, Agencies and Commissions)	Introduced
AL 2026rs SB 95	Allen (G)	Public utilities; Underground Damage Prevention Program; certain statutory sunset clauses deleted (Transportation, Utilities and Infrastructure (House)) Senate Calendar: Special Order Calendar (January 29, 2026) Position: 1	House, Jan 29, 2026: Pending Committee Action in Second House (Transportation, Utilities and Infrastructure)	Introduced
AL 2026rs SB 88	Stutts	Division of Construction Management; capital improvement projects valued less than \$750,000 at covered K-12 and higher education institutions exempted from division inspections and recommendations Senate Calendar: Regular Calendar (February 03, 2026) Position: 40	Senate, Jan 29, 2026: Read for the Second Time and placed on the Calendar (Finance and Taxation Education)	Introduced
AL 2026rs HB 298	Marques	Public utilities; Underground Damage Prevention Program; certain statutory sunset clauses deleted	House, Jan 29, 2026: Read for the Second Time and placed on the Calendar (Boards, Agencies and Commissions)	Introduced

		<p>House Calendar: Regular Calendar (February 03, 2026) Position: 52</p>		
AL 2026rs HB 13	Yarbrough	<p>Illegal immigration, procedures for arrest, detention, transportation of illegal immigrants provided for; reporting requirements established House Calendar: Regular Calendar (February 03, 2026) Position: 76</p>	<p>House, Jan 29, 2026: Read for the Second Time and placed on the Calendar (Judiciary)</p>	Introduced
AL 2026rs SB 205	Allen (G)	<p>Underground Damage Prevention Program; One-Call Notification System, further provided for complex or large projects, sunset extended (Transportation and Energy (Senate))</p>	<p>Senate, Jan 22, 2026: Pending Committee Action in House of Origin (Transportation and Energy)</p>	Introduced
AL 2026rs HB 322	Clouse	<p>Underground Damage Prevention Program; One-Call Notification System, further provided for complex or large projects, sunset extended (Transportation, Utilities and Infrastructure (House))</p>	<p>House, Jan 22, 2026: Pending Committee Action in House of Origin (Transportation, Utilities and Infrastructure)</p>	Introduced
AL 2026rs HB 319	Wood (R)	<p>Alabama Lead Ban Act; percentages of lead that constitute "lead-free" revised; city and county plumbing codes required to conform; certain applications exempted (County and Municipal Government (House))</p>	<p>House, Jan 22, 2026: Pending Committee Action in House of Origin (County and Municipal Government)</p>	Introduced
AL 2026rs SB 71	Chesteen	<p>Administrative rules; adopting environmental protection criteria stricter than federal requirements prohibited Senate Calendar: Regular Calendar (February 03, 2026) Position: 13 Companion Bills: HB 162</p>	<p>Senate, Jan 20, 2026: Read for the Second Time and placed on the Calendar (County and Municipal Government)</p>	Introduced
AL 2026rs HB 162	Stubbs	<p>Administrative rules; adopting environmental protection criteria stricter than federal requirements prohibited (State Government (House)) Companion Bills: SB 71</p>	<p>House, Jan 13, 2026: Pending Committee Action in House of Origin (State Government)</p>	Introduced

AL 2026rs SB 147	Allen (G)	Alabama Construction Zone Safety Act; automated photographic speed enforcement system in work zones, provided (Veterans, Military Affairs and Public Safety (Senate))	Senate, Jan 14, 2026: Pending Committee Action in House of Origin (Veterans, Military Affairs and Public Safety)	Introduced
AL 2026rs SB 103	Kelley	Sunset law; Alabama Construction Recruitment Institute continued with modification until October 1, 2030 Senate Calendar: Regular Calendar (February 03, 2026) Position: 5	Senate, Jan 14, 2026: Read for the Second Time and placed on the Calendar (Fiscal Responsibility and Economic Development)	Introduced
AL 2026rs SB 111	Elliott	Prepare Alabama Investment Program established, tax credits for donations to trade schools and trade programs authorized (Finance and Taxation Education (Senate))	Senate, Jan 13, 2026: Pending Committee Action in House of Origin (Finance and Taxation Education)	Introduced
AL 2026rs SB 75	Chesteen	Public works contracts; exemption established for purchases made through cooperative purchasing agreements (Education Policy (Senate)) <u>On the agenda - Senate Education Policy Standing Meeting</u> Feb 04, 2026 09:00am Room 320 **TIME & ROOM CHANGE	Senate, Jan 13, 2026: Pending Committee Action in House of Origin (Education Policy)	Introduced
AL 2026rs SB 14	Livingston	Contracts for public works; exemptions further provided (Fiscal Responsibility and Economic Development (Senate))	Senate, Jan 13, 2026: Pending Committee Action in House of Origin (Fiscal Responsibility and Economic Development)	Introduced

16 bills