

## **EMBARGOED UNTIL DELIVERY AT 6:30 PM CENTRAL TIME**

### **The 2009 State of the State Address**

*Delivered by Governor Bob Riley*

*February 3, 2009*

Lieutenant Governor Folsom, Speaker Hammett, Senator Mitchem, Representative Newton, distinguished guests, members of the Legislature and my fellow citizens:

First, I know all of us are saddened about the loss of Governor Guy Hunt. I ask you now to join me in a moment of silence as we remember his life and legacy, and lift his family up in prayer.

We meet tonight once again to review the state of our state. But rarely has this event coincided with a time of such national and international economic upheaval. In these unsettling times, we must remember it is not the size of government that makes our state strong. Not the amount of money government spends or the amount it collects. What makes our state strong is her people. Their character. Their decency. Their values.

Ladies and gentlemen, if we judge the state of our state by these standards, then Alabama has never been stronger! Because the strength of Alabama is not on Wall Street. It's on Main Street. It's not in the State House; it's in the houses of our citizens, our houses of worship, and our school houses all across Alabama.

And the sacred duty that falls to each of us tonight under this dome is to make Alabama even stronger, even safer and more prepared for the future.

There will be difficult choices and we will have to create new solutions. So I ask you to work with each other and with my administration to find those solutions because the problems facing Alabama are bigger than any one party. We must transcend politics. It's time for each of us to get to work.

In this session, we must pass a recovery plan to boost our economy and create jobs. We must strengthen our schools and protect the reforms that are getting results. We must balance our budgets – and we must do so without raising taxes.

First, let's take stock of where we are.

Now the recession that began more than a year ago has reached our state. But as many have noted, Alabama is weathering this storm better than most. CNN reported our unemployment rate stands out as the lowest among our neighbors. Alabama's business climate is ranked in the top 3 in the nation and we're ranked fourth in the nation for the number of people moving into our state. Alabama has the seventh lowest foreclosure rate in the country. And just last month, a panel of economists said Alabama "is poised to come out ahead of the nation as the broken economy mends."

It used to be said that when the nation caught a cold, Alabama caught pneumonia. But not anymore. In a time of economic trouble and uncertainty for our nation, all of us can be thankful we live in Alabama because Alabama continues to be one of America's leaders in economic development. Tonight, I'm pleased to announce that during the past 12 months, 383 new and expanding industry announcements took place in Alabama resulting in more than 14,000 announced new jobs. And even more new announcements are expected in the weeks and months ahead.

In the global economy, Alabama has had no better partner for growth than Germany. More than 50 German companies have located plants in our state. Today these plants employ 16,000 Alabamians. And Germany is Alabama's number one trading partner. Tonight, we're honored to have sitting with our First Lady, Dr. Lutz Goergens, Germany's Consul General. Doctor, thank you for being with us. And Patsy, once again, thank you for everything you're doing to help make Alabama a better place – especially for Alabama's children.

Yes, Alabama's economy has many bright spots. But they will never blind us to the challenges we face. We've seen tough times before. When we first came into office, Alabama faced a similar situation: budget shortfalls and a weak economy. So we cut spending across state government, we recruited new jobs and brought integrity to the budget process through SMART Governing. In just a few short years, we turned the worst shortfall in Alabama history into a record budget surplus and – for the first time – we cut income taxes for the people of this state!

Now the global economy has brought some of these challenges back. So we're going to have to do what we know works: fiscal discipline, an even more aggressive economic development strategy, and more accountability in government than ever before. Ladies and gentlemen, we turned our economy around before. We can do it again and we will do it again.

We've already made tough choices. The budgets you passed last year cut spending by hundreds of millions of dollars. Since then, we've taken a number of other actions to save money. A freeze on new government hires, on employee pay raises and new vehicle purchases. And I've directed our department heads to find even deeper savings.

The economy has forced families to tighten their belts. Their government has and must continue to do the same. So the cost-saving measures will continue.

As we discuss our budgets, Congress is debating a massive stimulus bill. We know it will have an impact on every area of state government. But none of us knows what the final version will be. And we cannot wait on Washington. We must do what is best for Alabama today. When or if the stimulus package arrives, we will have time to make adjustments. But this should not be an excuse to go on a spending spree. The budgets I'm presenting call on you to take a conservative approach to spending.

And they do not call on you to raise taxes. I'm sure all of you agree: higher taxes would only make a tough situation even more difficult for the people of Alabama. We are here to ease their burdens – not add to them.

Instead we should tackle our budget challenges by recalling the wisdom of our parents. They taught us that every cloud has a silver lining. That silver lining is a new opportunity to make changes that result in a smaller and more efficient state government.

Fiscal discipline is essential to our recovery. But we have to do more to get our economy moving again because so many are hurting right now. The calls that come into my office from people struggling to pay their bills, to make ends meet, they're heartbreaking. Many of you have also gotten those calls. After a life of hard work and through no fault of their own, they see the American Dream slipping through their fingers. Even as we tighten government's belt, we must continue providing the services that matter most to Alabamians. As leaders of their government, each one of us has a responsibility to take action to help those in need and to do it now!

So tonight I ask you to work with me in passing the Alabama Economic Recovery Plan. This plan will not only help Alabama survive this crisis, it will lay the foundation to move us forward and get our people back to work.

It starts with a Back-to-Work Tax Credit of \$500 to encourage companies to hire unemployed workers. If a company is going to hire, we want them to hire people who need a job right now rather than someone who already has a job. The sooner we get someone off the unemployment rolls, the sooner we save on their unemployment benefits and the sooner they can provide for their families.

Our plan also includes a Targeted Job Creation Tax Credit. This is a \$1,500 incentive over three years for each new job created in counties with the highest unemployment levels. This will help stimulate business growth in areas of Alabama, like the Black Belt and other rural counties, where jobs are needed most.

And let's make Alabama more competitive with other states for higher paying jobs. Our current incentives focus almost entirely on manufacturing, and Alabama will continue to be aggressive in the pursuit of those jobs. But in today's economy we need a more balanced approach. One that makes more industries eligible for our economic incentives: knowledge-based industries that typically pay higher wages – like research and development facilities, corporate headquarters and other entrepreneurial ventures.

Many other states already do this. So if we want to compete for these projects we must make this change and bring these jobs here to our people.

When oil and gas prices rise again – and they unfortunately will – Alabamians will be faced with hard choices. As we seek to lessen our dependence on foreign oil, there are many companies working to create new and cheaper forms of energy right here in America. These companies also create twenty-first century jobs that are here to stay. But

Alabama doesn't provide tax incentives to these companies. So our recovery plan makes sure Alabama will be a leader in the emerging green economy.

Revitalizing our economy must be our priority. But Alabama will never reach its full potential unless we enact ethics reforms that finally build confidence in our state government.

All of us working together have made Alabama a more attractive place for business. But when we have headlines about scandals and convictions at the same time we are trying to recruit new industry to the state – it's like driving with one foot on the brake and the other on the gas.

At best, it's a distraction. At worst, it makes recruiting new business even harder.

Each year I have asked you to pass major ethics reforms. And each year they have all met the same sad fate.

This year I hope the negative attention caused by scandals at the state and local levels will finally prompt the Legislature to act.

So tonight I'm announcing a proposal for a complete overhaul of Alabama's ethics code. This proposal is the first comprehensive rewrite of our ethics laws since 1973 and it is also the most sweeping.

Let me highlight the pillars of this plan.

It gives citizens a clearer picture of the money being spent to influence public policy and public officials. No longer will there be unlimited wining and dining by the special interests. This reform ends that. And it requires full disclosure of everything spent by lobbyists on elected officials.

It ensures that all potential conflicts of interests are also fully disclosed. Public officials will have to divulge any ownership they have in, or contracts with, an entity that receives any state funds. It also requires this same level of disclosure for their spouses.

The Ethics Commission will – for the first time – have subpoena power to carry out its mission. And an attorney general or district attorney will be given a reasonable amount of time to either prosecute an ethics case or decline it.

Now those who like our system the way it is will hate this plan. Those who have enriched themselves off government will oppose it. But, ladies and gentlemen, we must change the political culture of our state. Not phony change. Bold change. Real change. Economic prospects are watching. The people are watching. When you pass this reform, it will send a message loud enough to be heard in every boardroom and every living room. Corruption has no home in Alabama!

During the last six years, we've made strong and steady progress in education: higher reading and math scores, more schools with ACCESS Distance Learning, more students earning college credit with our expansion of our Advanced Placement program. We see our statewide initiatives making a tremendous difference in the lives of our children. Now our challenge is to protect these gains.

So the education budget I'm presenting to you protects funding for what we know works: the Reading Initiative, the Math and Science Initiative, and distance learning. Tonight, I urge you to join me in protecting these proven programs from any cuts.

We put our Reading Initiative in every K through 3 classroom and after just one year, Alabama led the nation in reading gains. When it comes to our Math and Science Initiative, in every case, on every standardized test, AMSTI schools outperform other schools. Our ACCESS Distance Learning program is a great equalizer. It opens doors to students in lower income schools and rural areas and finally provides them with the same opportunities that other students have now. It's such a success, just the other day the national Fox News Channel did a feature story on ACCESS. A nationwide audience heard them report that ACCESS makes Alabama "a trailblazer" when it comes to education and technology.

Despite these impressive gains, all of us know education funding this year is not going to be at the level we want it to be. But we also have to keep that in perspective. When we first came into office just six years ago, we were spending about \$4 billion on education. Today – even with proration – we are spending \$5.8 billion dollars.

But what's more important than the dollars we spend is the results we get. And the results have never been better. That's a tribute to our teachers, our students and their parents. It's also a tribute to the outstanding leadership of Superintendent Dr. Joe Morton, our State Board of Education, and all of you in this chamber who have continued to fund these reform programs. Thank you all.

Now, I know there are some who say more gambling will solve all our budget problems. But consider the facts: we will spend more than \$12 billion in state and federal money on education this year. The people watching tonight – and all of you – need to understand: proposals to expand and tax gambling would bring in less than one percent of what we'll spend on education. Some claim that if only we'd expand gambling and tax it, we wouldn't have to reduce education funding. But all you have to do is take a look at other states that do have gambling. They're cutting their education budgets. So gambling is obviously not a solution.

The real question is: are we willing to invite more misery, more corruption and more crime into our state just to gain less than one percent? I know I'm not and the people aren't either. Ladies and gentlemen, gambling is not the answer.

This Legislature has been polarized and paralyzed by this issue for years. And yet again, the most powerful special interests have gotten together and they are determined to make

this the number one issue for this session. But you shouldn't waste another minute trying to expand gambling. Certainly not when more important issues demand your attention, like creating jobs, making government more honest, and protecting educational achievements.

Gambling is not the way to build a stronger state. We do that by serving the greater good. In giving ourselves to causes that lift up our neighbors and communities, our state and nation. Especially in these difficult times, we need the help of every Alabamian. Government alone cannot and will not solve our problems. Everyone can find a role to play in making our state stronger and our country a more perfect union.

Because, as I said earlier, the people are the true source of our state's strength. They embody timeless values like hard work, honesty and courage. And with their faith, energy and devotion to the cause of a greater Alabama, there is no obstacle we cannot overcome. All of us who have the privilege of serving the people would do well to follow their example.

Now we must turn our attention toward an ambitious agenda. An agenda to revitalize our economy, end government corruption, and improve our schools. We must focus our time and energy on helping those who face grinding hardships. Future generations will look back to see if we accomplished what needed to be done, or if we let division and paralysis stand in the way of progress. Let us rise to the occasion. Let us stand together. Let us find common ground and work for the common good. Because if there ever was a time that called for united action – it is now.

Thank you. God bless America and the great state of Alabama.