

1 HB147  
2 164287-1  
3 By Representatives Clarke, Bracy, Sessions, Williams (JW),  
4 Drummond, Buskey, Pringle, Wilcox and Gaston  
5 RFD: Commerce and Small Business  
6 First Read: 05-MAR-15

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8 SYNOPSIS: This bill would create a program through  
9 which small businesses that suffer loss during a  
10 disaster could apply for short-term financial  
11 assistance when the Governor issues a disaster  
12 declaration until the small business receives  
13 alternate financing or insurance proceeds.

14 This bill would provide that the program  
15 would be administered by the Department of Commerce  
16 and the State Industrial Development Authority.

17 This bill would establish requirements for a  
18 small business to receive financial assistance  
19 under the program and would specify a minimum and  
20 maximum amount for loans made under the program.

21 This bill would authorize the authority to  
22 obtain a line of credit from an approved lender for  
23 the purpose of implementing the program.

24 This bill would specify the full faith,  
25 credit, and resources of the state would be pledged  
26 as security for repayment of the line of credit.  
27

1 A BILL  
2 TO BE ENTITLED  
3 AN ACT  
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5 To establish the Alabama Disaster Small Business  
6 Bridge Loan Act to provide short-term loans for small  
7 businesses that suffer physical damage as a result of a  
8 disaster for which the Governor has issued a disaster  
9 declaration; to provide for administration of the loan program  
10 by the Alabama Department of Commerce; to authorize the  
11 department to establish the loan program with federally  
12 insured financial institutions and other lending institutions  
13 approved by the department; to provide the minimum and maximum  
14 amounts and terms for the loans; to establish eligibility  
15 requirements; and to authorize the State Industrial  
16 Development Authority to obtain a line of credit from a  
17 commercial lender, investment banking group, or a consortium  
18 of either or both, for the purpose of funding the loan  
19 program; and to guarantee repayment.

20 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

21 Section 1. This act shall be known and may be cited  
22 as the Alabama Disaster Small Business Bridge Loan Act.

23 Section 2. (a) It is the intent of the Legislature,  
24 and declared to be the policy of this state, that short-term  
25 loan funds should be made available quickly to assist small  
26 businesses physically harmed by any disaster for which a  
27 disaster declaration has been issued by the Governor.

1 (b) The loan program established by this act is  
2 intended to provide short-term financial assistance to small  
3 businesses until the owners of the businesses are able to  
4 obtain other financing or obtain insurance proceeds.

5 Section 3. For the purposes of this act, the  
6 following terms shall have the following meanings:

7 (1) AUTHORITY. The State Industrial Development  
8 Authority.

9 (2) DEPARTMENT. The Alabama Department of Commerce.

10 Section 4. (a) The Alabama Department of Commerce  
11 may utilize any funds acquired pursuant to Section 5 and any  
12 funds otherwise provided for the purposes expressed in this  
13 act, from any source, to establish a disaster loan program  
14 using funds obtained from a line of credit with federally  
15 insured financial institutions or other approved lending  
16 institutions. The disaster loan program shall be used to  
17 provide short-term bridge loans to small business owners in  
18 this state for the purpose of assisting small businesses in  
19 resuming operation as quickly as possible.

20 (b) The amount of any loan granted under this act  
21 may not be less than one thousand dollars (\$1,000) nor more  
22 than twenty-five thousand dollars (\$25,000). The proceeds of  
23 the loans authorized under this act shall be used only for the  
24 purpose of maintaining or restarting the business in the area  
25 for which a disaster declaration by the Governor has been  
26 issued. The term of any loan made under this section shall be  
27 90 days or 180 days as determined by the department based upon

1 the circumstances of the business applying for the loan. Upon  
2 request by the issuing financial institution, the authority  
3 may authorize the department to extend the term of any loan  
4 made under this act up to an additional 180 days.

5 (c) To be eligible for a loan authorized under this  
6 act, a small business shall satisfy all of the following  
7 requirements:

8 (1) Be located in the area for which a disaster  
9 declaration has been issued by the Governor.

10 (2) Have been established in the area for which the  
11 disaster declaration of the Governor was issued for at least  
12 one year before the declaration.

13 (3) Have employed at least two, and not more than  
14 100, persons immediately before the disaster declaration.

15 (4) Have suffered physical damage as a direct result  
16 of the disaster.

17 (5) Be at least 51 percent owned by Alabama  
18 residents or, in the case of an Alabama nonprofit corporation,  
19 controlled by Alabama residents.

20 (d) Using assessments of the disaster impacted  
21 areas, the department shall designate the area, and the  
22 counties in this area, in which a small business shall be  
23 located to be eligible to participate in the program. The  
24 department shall develop, adopt, and publish reasonable rules  
25 for the operation of the loan program. The rules shall govern  
26 the use of loan proceeds, terms of loans, loan interest rates  
27 and fees, the loan approval process, and any other matters the

1 department considers appropriate. For purposes of the loan  
2 program, the department shall be exempt from the Alabama  
3 Administrative Procedure Act.

4 Section 5. The department shall be the sole  
5 administrator of the funds that become available to implement  
6 this act. The department may utilize any of its general powers  
7 to operate the loan program.

8 Section 6. (a) After a disaster has been proclaimed  
9 by the Governor, the department shall determine if there is a  
10 need to implement the loan program. Upon making that  
11 determination, the department shall notify the State  
12 Industrial Development Authority and request funds be provided  
13 to the department to implement the program. Not more than  
14 twenty-five million dollars (\$25,000,000) shall be provided  
15 for any one disaster.

16 (b) (1) Upon receipt of the notification provided for  
17 in subsection (a), the State Industrial Development Authority  
18 may obtain a line of credit, in an amount not to exceed  
19 twenty-five million dollars (\$25,000,000), from a commercial  
20 lender, an investment banking group, or a consortium of either  
21 or both. The length of indebtedness under this subdivision may  
22 not extend beyond three years following the origination of the  
23 line of credit. The authority shall select a lender. The line  
24 of credit shall be authorized and approved by the authority  
25 and shall have such terms and details as may be provided by  
26 resolution of the authority. Loan proceeds from the line of  
27 credit shall be received by the department and shall be used

1 to implement the loan program authorized by this act. The  
2 department shall accumulate loan repayments to repay the line  
3 of credit. The department may use repayments received while  
4 the program is being made available to small businesses to  
5 fund additional loans. The department shall seek legislation  
6 for funding to repay loan defaults and interest costs on the  
7 line of credit.

8 (2) As security for the repayment of the principal  
9 and interest on the line of credit provided for in subdivision  
10 (1), the full faith, credit, and resources of the state shall  
11 be irrevocably pledged.

12 (c) This section shall be complete authority for the  
13 borrowing authorized hereunder and shall not be subject to any  
14 other limitations under state law.

15 Section 7. This act shall become effective on the  
16 first day of the third month following its passage and  
17 approval by the Governor, or its otherwise becoming law.