

1 HB57  
2 164962-2  
3 By Representative Beech  
4 RFD: Economic Development and Tourism  
5 First Read: 03-MAR-15  
6 PFD: 02/27/2015

1 ENGROSSED

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4 A BILL  
5 TO BE ENTITLED  
6 AN ACT

7  
8 To enact the Alabama Veterans and Rural Jobs Act; to  
9 add provisions to the Alabama Jobs Act proposed by HB58 of the  
10 Regular Session of 2015 of the Alabama Legislature; to define  
11 the term "rural county"; to require that the Secretary of  
12 Commerce make certain findings as to whether a project is a  
13 qualifying project and whether a company is an approved  
14 company when the project is to be located in a rural county;  
15 to provide that a qualifying project in a rural county could  
16 receive incentives if it created at least 25 new jobs; to  
17 allow a 4 percent jobs credit for qualifying projects located  
18 in rural counties; to allow an additional 5 years in the  
19 incentive period for the investment credit in certain cases;  
20 to provide an additional jobs credit of 0.5 percent of wages  
21 paid to veterans in certain cases; to provide for audits of  
22 companies claiming the Jobs Act Incentives; to create the  
23 Accelerate Rural Alabama Fund; to allow the fund to be funded  
24 by the issuance of bonds secured by rural financing  
25 agreements, any other funds available to the authority, or  
26 money appropriated to such fund; to allow the State Industrial  
27 Development Authority to make loans to rural entities to fund

1 site preparation and other expenses for projects that will  
2 provide employment opportunities in the rural area; to limit  
3 the value of loans allowed by such fund; to allow various  
4 entities to accept loans from such fund and to provide  
5 security for repayment of each loan; to require annual reports  
6 to the legislature on the operations of such fund; to  
7 authorize entry into agreements for the operation of such  
8 fund; to make legislative findings; to provide for the  
9 promulgation of regulations; to add a new Article 2B to  
10 Chapter 10 of Title 41, Code of Alabama 1975; to provide for  
11 the severability of invalid provisions; to provide for the  
12 repeal of conflicting laws; to provide for an effective date.  
13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

14 Section 1. This act shall be known and may be cited  
15 as the "Alabama Veterans and Rural Jobs Act".

16 Section 2. The legislature makes the following  
17 findings:

18 (a) Rural counties in the state face challenges in  
19 their efforts to improve their economies in terms of personal  
20 income, job creation, average wages and strong revenue bases  
21 which provide much needed community services.

22 (b) Scarce economic development prospects and  
23 persistent unemployment and underemployment that exist in many  
24 rural counties present serious threats to the safety, health  
25 and welfare of the residents of rural counties.

1 (c) The economic well-being of the citizens of the  
2 state will be enhanced by the increased development and growth  
3 of rural counties in Alabama.

4 (d) It is in the best interests and a public purpose  
5 of the state to provide enhanced incentives in rural counties.

6 (e) It is in the best interests and a public purpose  
7 of the state to establish a program that will provide loans to  
8 qualifying borrowers in rural counties to foster economic  
9 development and job creation by facilitating the location and  
10 expansion of economic development projects in rural counties.

11 (f) The loans and incentives provided in this act  
12 will allow the state to encourage the creation of new jobs  
13 that may not otherwise exist within Alabama and its rural  
14 counties.

15 Section 3. New Sections 40-18-376.1 and 40-18-376.2  
16 are added to Article 16 of Chapter 18 of Title 40, Code of  
17 Alabama 1975, which article is proposed by ~~HB \_\_\_\_\_~~ HB58 of the  
18 Regular Session of 2015 of the Alabama Legislature. Said  
19 Sections 40-18-376.1 and 40-18-376.2 shall read as follows:

20 § 40-18-376.1.

21 (a) The provisions in this section shall apply to  
22 any "rural county," a term defined in this article to mean any  
23 Alabama county that is described by either of the following:

24 (1) The county has a population of less than ~~50,000~~  
25 70,000; or

26 (2) The county has no municipalities within its  
27 borders that have a population of more than 25,000; or

1           ~~(2)~~ (3) The county is ranked in the lower  
2 forty-fifth through sixty-seventh counties, inclusive, using  
3 the following weighted factors:

4           a. Percent change in population over the most recent  
5 five-year period, weighted at 25 percent.

6           b. Personal per capita income in the last calendar  
7 year for which data are available, weighted at 25 percent.

8           c. The average percent employed over the last 12  
9 months for which data are available, weighted at 50 percent.

10           The findings in this subsection shall be made by the  
11 Commissioner of Labor as of each January 1 using the most  
12 current data available from the United States Departments of  
13 Labor or Commerce, the United States Bureau of the Census, or  
14 any other federal or state agency or department.

15           (b) In making the findings required by Section  
16 40-18-373(a), a company that proposes a qualifying project in  
17 a rural county shall be an approved company for purposes of  
18 this section only if the Secretary of Commerce makes the  
19 additional finding that the qualifying project will increase  
20 the economic diversity of, or otherwise benefit, the rural  
21 county.

22           (c) For purposes of determining in Section  
23 40-18-372(b) (2) whether a qualifying project may receive the  
24 Jobs Act Incentives, a project to be located in a rural area  
25 shall employ at least 25 new employees, absent a finding of  
26 extraordinary circumstances by the Secretary of Commerce.

1 (d) If the qualifying project is located in a county  
2 which is deemed to be a rural county on the date the project  
3 agreement is executed, the following shall be applicable:

4 (1) The jobs credit provided in Section 40-18-375(a)  
5 shall be 4.0 percent of the wages paid to eligible employees  
6 during the prior year; and

7 (2) The investment credit provided in Section  
8 40-18-376(a) shall have an incentive period of 15 years, but  
9 only if the qualifying project is expected to sell the  
10 majority of its output or services to a business located in  
11 Alabama that is described in Section 40-18-372(a), so that the  
12 transit distance for the output or services shall be less than  
13 50 miles.

14 § 40-18-376.2.

15 (a) The provisions in this section shall apply to  
16 any incentivized company that employed, in the prior year, at  
17 least 12 percent of its eligible employees as veterans who  
18 received an honorable or general discharge. The calculation of  
19 the percentage of eligible employees who are veterans shall be  
20 made using the method provided in a project agreement.

21 (b) Any incentivized company described by subsection  
22 (a) shall receive an additional 0.5 percent jobs credit  
23 provided in Section 40-18-375(a) on the wages paid during the  
24 prior year to eligible employees who are veterans.

25 (c) No incentivized company claiming the credit  
26 provided by subsection (b) shall also claim the credit

1 provided by Article 13 of this Chapter 18 for any portion of  
2 the project.

3 (d) The Department of Labor shall periodically  
4 verify the actual number of veterans employed by the  
5 incentivized company and the wages of the veterans during the  
6 relevant year. If the Department of Labor is not able to  
7 provide the verification utilizing all available resources, it  
8 may request any additional information from the incentivized  
9 company as may be necessary.

10 Section 4. A new Article 2B is added to Chapter 10  
11 of Title 41, Code of Alabama 1975, to read as follows:

12 § 41-10-45.1. The following words and phrases shall  
13 have the following meanings when used in this article:

14 (a) AUTHORITY. The State Industrial Development  
15 Authority, a public corporation of the state, organized and  
16 existing under Articles 2, 2A and 2B of this Chapter.

17 (b) DEPARTMENT. The Alabama Department of Commerce.

18 (c) ELIGIBLE BORROWER. A municipality, county,  
19 industrial development authority organized under Chapter 92A  
20 of Title 11, industrial development board organized under  
21 Article 4, Chapter 54 of Title 11, or nonprofit organization  
22 organized to foster economic development and described in  
23 Section 501(c) of the Internal Revenue Code of 1986, as in  
24 effect from time to time.

25 (d) ELIGIBLE EXPENSES. Expenses relating to land  
26 acquisition, site preparation or development, building  
27 improvements, building construction, building renovations,

1 infrastructure, and any other real or personal property deemed  
2 necessary or useful in connection therewith.

3 (e) ELIGIBLE PROJECT. A project located in a rural  
4 county that, when completed, will provide employment  
5 opportunities within one or more rural counties. An eligible  
6 project shall be the subject of a project agreement, abatement  
7 agreement or similar agreement between the company and any of  
8 the state or an eligible borrower.

9 (f) FUND. The Accelerate Rural Alabama Fund.

10 (g) MAXIMUM LOAN AMOUNT. For any project anticipated  
11 to create more than 25 new jobs, \$2,000,000, and in all other  
12 cases, \$1,000,000.

13 (h) PROJECT OBLIGATIONS. The meaning in Section  
14 41-10-44.2(8).

15 (i) QUALIFYING BORROWER. An eligible borrower  
16 selected by the authority to receive a loan.

17 (j) QUALIFYING EXPENSES. The eligible expenses  
18 permitted to be financed by the loan pursuant to the rural  
19 financing agreement.

20 (k) QUALIFYING PROJECT. An eligible project selected  
21 by the authority to receive a loan from the fund to finance  
22 its qualifying expenses.

23 (l) RURAL COUNTY. Any Alabama county that is  
24 described by Section 40-18-376.1(a).

25 (m) RURAL FINANCING AGREEMENT. Any agreement entered  
26 into between the authority and a qualifying borrower  
27 pertaining to a loan from the fund including, without



1 limitation, a loan agreement, trust indenture, security  
2 agreement, reimbursement agreement, guarantee agreement, bond  
3 or note, ordinance or resolution, or similar instrument. A  
4 rural financing agreement may contain, in addition to  
5 financial terms, provisions relating to the regulation and  
6 supervision of the qualifying project and other provisions as  
7 the authority may determine.

8 § 41-10-45.2.

9 (a) There is created the "Accelerate Rural Alabama  
10 Fund," which may consist of monies appropriated or otherwise  
11 made available by the legislature in any manner, proceeds of  
12 project obligations issued by the authority, and monies from  
13 any other source designated for deposit into such fund, but  
14 not including monies subject to a constitutional designation  
15 for some other purpose. Unexpended amounts remaining in the  
16 fund at the end of each fiscal year of the state shall not  
17 lapse into the State General Fund. Any investment earnings or  
18 interest earned on amounts in the fund and all loan payments  
19 of principal and/or interest shall be deposited to the credit  
20 of the fund.

21 (b) In addition to the purposes for which the  
22 authority may issue project obligations, the authority is  
23 hereby authorized to issue project obligations to provide  
24 money for the fund. Project obligations shall be issued as  
25 provided in Section 41-10-44.6, subject, however, to the  
26 following:

1           (1) Project obligations may also be payable solely  
2 from revenues and receipts of the authority derived from a  
3 rural financing agreement, from any other source described in  
4 Section 41-10-45.4(a), or from any combination thereof; and

5           (2) Project obligations may be secured by a pledge  
6 of, or security interest in, any revenues, collateral or other  
7 security described in Section 41-10-45.4(a), from any other  
8 source permitted by law, or from any combination thereof.

9           (c) In addition to the purposes for which the  
10 authority may use the proceeds of project obligations pursuant  
11 to Section 41-10-44.7, the proceeds of project obligations  
12 issued to provide money for the fund remaining after adequate  
13 provision for the payment of the expenses of issuance may be  
14 deposited in the fund and used as provided in this article.

15           (d) In addition to the purposes for which the  
16 authority may refund project obligations pursuant to Section  
17 41-10-44.10, the authority may issue project obligations to  
18 refund project obligations issued to provide money for the  
19 fund. Refunding project obligations shall be issued as  
20 provided in Section 41-10-44.10, subject, however, to the  
21 following:

22           (1) Refunding project obligations may also be  
23 payable solely from revenues and receipts of the authority  
24 derived from a rural financing agreement, from any other  
25 source described in Section 41-10-45.4(a), or from any  
26 combination thereof; and

1           (2) Refunding project obligations may be secured by  
2 a pledge of, or security interest in, any revenues, collateral  
3 or other security described in Section 41-10-45.4(a), from any  
4 other source permitted by law, or from any combination thereof

5           § 41-10-45.3.

6           (a) The authority may provide loans to an eligible  
7 borrower to pay for all or part of the eligible expenses of a  
8 qualifying project pursuant to a rural financing agreement. A  
9 loan may have a maturity or maturities not exceeding 20 years  
10 from its date, may bear interest or be interest free, may not  
11 exceed the maximum loan amount, and may contain terms not in  
12 conflict with the provisions of this article, all as the  
13 governing body of the authority may provide in the proceedings  
14 pursuant to which the loan is authorized to be issued. The  
15 authority may provide, in its discretion, that the loan shall  
16 bear interest at a rate or rates fixed at the time of the  
17 issuance thereof, or at fixed rates which may be changed from  
18 time to time during the term of the loan in accordance with an  
19 objective procedure determined by the authority at the time of  
20 the issuance of the loan, or at a floating rate or rates, and  
21 the authority may also provide, in its discretion, that  
22 interest on the loan may be payable in cash or in kind at  
23 fixed intervals, through one or more payments which reflect  
24 compound interest computed at specified intervals on accrued  
25 but unpaid interest, through a discount in the sales price for  
26 the loan equivalent to compound interest on the loan for all  
27 or part of the term thereof, or through any combination of the

1 foregoing methods. The proceeds derived from the loan shall be  
2 used solely for the purpose specified in the rural financing  
3 agreement.

4 (b) The authority shall determine the form and  
5 content of loan applications, rural financing agreements and  
6 loan obligations, including the term and rate or rates of  
7 interest. The loan application must include a description of  
8 the eligible project, the estimated cost of the project for  
9 which assistance is requested and any other information  
10 required by the authority.

11 (c) The authority may not issue project obligations  
12 to provide money for the fund in excess of \$20,000,000.

13 (d) The authority may:

14 (1) Require a qualifying borrower with an  
15 outstanding loan to submit to the authority information  
16 relevant to the loan; and

17 (2) Require a qualifying borrower with an  
18 outstanding loan to submit financial reports.

19 (e) The authority may refinance any loan previously  
20 made to a qualifying borrower.

21 (f) The treasurer of the state may invest the money  
22 in the fund not currently needed to meet the obligations of  
23 the fund under this article. The treasurer of the state may  
24 contract with investment management professionals, investment  
25 advisors and legal counsel to assist in the management of the  
26 fund and may pay from the fund the state expenses incurred  
27 under those contracts.

1 § 41-10-45.4.

2 (a) In order to provide for the repayment of a loan  
3 by a qualifying borrower for a project, the qualifying  
4 borrower is hereby authorized and empowered to do and perform  
5 any one or more of the following:

6 (1) To obligate itself to pay to the authority at  
7 periodic intervals a sum sufficient to repay the authority  
8 loan according to the terms thereof;

9 (2) To levy, collect and pay over to the authority  
10 and to obligate itself to continue to levy, collect and pay  
11 over to the authority the proceeds of any fee, charge,  
12 license, permit, tax, or other source of revenue;

13 (3) To undertake and obligate itself to pay its  
14 contractual obligation to the authority solely from the  
15 proceeds from any one or more of the sources specified in  
16 paragraph (2), or to impose upon itself a general obligation  
17 pledge to the authority additionally secured by a pledge of  
18 any one or more of such sources;

19 (4) To obligate itself to continue to levy and  
20 collect such revenues, fees and charges in such amounts as  
21 shall be required by the authority;

22 (5) As evidence of its obligation to repay any loan  
23 made by the authority, to issue its bonds, warrants or other  
24 obligations;

25 (6) As security for its obligation to repay any loan  
26 made by the authority, to contract for letters of credit in  
27 favor of the authority, to execute and deliver mortgages on

1 any of its property in favor of the authority, to obtain and  
2 provide guaranties of its obligation to the authority, or to  
3 provide any other security as may be requested by the  
4 authority; and

5 (7) To enter into such agreements, to perform such  
6 acts and to delegate such functions and duties as its  
7 governing body shall determine to be necessary or desirable to  
8 enable the authority to fund a loan to the public body to aid  
9 it in the construction or acquisition of a project.

10 (b) The authority may pledge any of the foregoing as  
11 set forth in subsection (a) to repayment of project  
12 obligations or refunding project obligations.

13 (c) In the event of default, the authority may  
14 accelerate all principal and interest on any loan and utilize  
15 any other available remedies under state law.

16 § 41-10-45.5.

17 (a) The authority shall make an annual report to the  
18 legislature as to the loans granted during, or outstanding at  
19 the end of, each fiscal year. The report shall be due on the  
20 fifth legislative day of each regular session and shall state,  
21 for each qualifying project, the county in which it is  
22 located, the name of the qualifying borrower, the outstanding  
23 principal amount of the loan and the maturity date of the  
24 loan.

25 (b) Nothing in this article shall be construed to  
26 constitute a guarantee or assumption by the state of any debt  
27 of any qualifying borrower nor to authorize the credit of the

1 state to be given, pledged or loaned to any qualifying  
2 borrower.

3 § 41-10-45.6.

4 (a) The department and the authority may enter into  
5 contracts and other agreements in connection with the  
6 operation of the fund, including but not limited to agreements  
7 appointing the department as the agent of the authority for  
8 administration of the fund and the lending program authorized  
9 hereby.

10 (b) The department shall promulgate regulations to  
11 implement and administer the provisions of this act and to  
12 administer the fund in accordance with applicable law.

13 Section 5. If a court of competent jurisdiction  
14 adjudges invalid or unconstitutional any clause, sentence,  
15 paragraph, section, or part of this act, such judgment or  
16 decree shall not affect, impair, invalidate, or nullify the  
17 remainder of this act, but the effect of the decision shall be  
18 confined to the clause, sentence, paragraph, section, or part  
19 of this act adjudged to be invalid or unconstitutional.

20 Section 6. All laws or parts of laws which conflict  
21 with this act are repealed.

22 Section 7. Following its passage and approval by the  
23 Governor, or its otherwise becoming law, this act shall become  
24 effective on the same date that ~~HB \_\_\_\_\_~~ HB58 of the Regular  
25 Session of 2015 of the Alabama Legislature should become  
26 effective. In the event that ~~HB \_\_\_\_\_~~ HB58 of the Regular

1        Session of 2015 of the Alabama Legislature is not enacted,  
2        then this act shall become null and void.



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House of Representatives

Read for the first time and re-  
ferred to the House of Representa-  
tives committee on Economic Devel-  
opment and Tourism..... . . . . . 03-MAR-15

Read for the second time and placed  
on the calendar 1 amendment ..... . . . . . 05-MAR-15

Read for the third time and passed  
as amended..... . . . . . 10-MAR-15

Yeas 102, Nays 1, Abstains 0

Jeff Woodard  
Clerk