

1 HB57
2 164962-1
3 By Representative Beech
4 RFD: Economic Development and Tourism
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8 SYNOPSIS: The Alabama Veterans and Rural Jobs Act
9 would add provisions to the Alabama Jobs Act.

10 For companies receiving the Jobs Act
11 Incentives that employ veterans as at least 12
12 percent of their workforce, the companies would
13 receive an additional jobs credit of 0.5 percent of
14 wages paid to veterans.

15 For companies locating in rural counties,
16 the minimum new jobs requirement would be lowered,
17 the jobs credit would be 4 percent, and, in certain
18 cases, the investment credit would be available for
19 an additional 5 years.

20 The bill would allow the State Industrial
21 Development Authority to make loans for site
22 preparation in rural counties. A \$20 million fund
23 would be established.

24
25 A BILL
26 TO BE ENTITLED
27 AN ACT

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

1 authorize entry into agreements for the operation of such
2 fund; to make legislative findings; to provide for the
3 promulgation of regulations; to add a new Article 2B to
4 Chapter 10 of Title 41, Code of Alabama 1975; to provide for
5 the severability of invalid provisions; to provide for the
6 repeal of conflicting laws; to provide for an effective date.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

10 Section 2. The legislature makes the following
11 findings:

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

16 (b) Scarce economic development prospects and
17 persistent unemployment and underemployment that exist in many
18 rural counties present serious threats to the safety, health
19 and welfare of the residents of rural counties.

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

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

25 (e) It is in the best interests and a public purpose
26 of the state to establish a program that will provide loans to
27 qualifying borrowers in rural counties to foster economic

1 development and job creation by facilitating the location and
2 expansion of economic development projects in rural counties.

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

7 Section 3. New Sections 40-18-376.1 and 40-18-376.2
8 are added to Article 16 of Chapter 18 of Title 40, Code of
9 Alabama 1975, which article is proposed by HB ___ of the
10 Regular Session of 2015 of the Alabama Legislature. Said
11 Sections 40-18-376.1 and 40-18-376.2 shall read as follows:

12 § 40-18-376.1.

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

16 (1) The county has a population of less than 50,000;
17 or

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

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

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

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

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

6 (b) In making the findings required by Section
7 40-18-373(a), a company that proposes a qualifying project in
8 a rural county shall be an approved company for purposes of
9 this section only if the Secretary of Commerce makes the
10 additional finding that the qualifying project will increase
11 the economic diversity of, or otherwise benefit, the rural
12 county.

13 (c) For purposes of determining in Section
14 40-18-372(b)(2) whether a qualifying project may receive the
15 Jobs Act Incentives, a project to be located in a rural area
16 shall employ at least 25 new employees, absent a finding of
17 extraordinary circumstances by the Secretary of Commerce.

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

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

24 (2) The investment credit provided in Section
25 40-18-376(a) shall have an incentive period of 15 years, but
26 only if the qualifying project is expected to sell the
27 majority of its output or services to a business located in

1 Alabama that is described in Section 40-18-372(a), so that the
2 transit distance for the output or services shall be less than
3 50 miles.

4 § 40-18-376.2.

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

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

15 (c) No incentivized company claiming the credit
16 provided by subsection (b) shall also claim the credit
17 provided by Article 13 of this Chapter 18 for any portion of
18 the project.

19 (d) The Department of Labor shall periodically
20 verify the actual number of veterans employed by the
21 incentivized company and the wages of the veterans during the
22 relevant year. If the Department of Labor is not able to
23 provide the verification utilizing all available resources, it
24 may request any additional information from the incentivized
25 company as may be necessary.

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

1 § 41-10-45.1. The following words and phrases shall
2 have the following meanings when used in this article:

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

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

7 (c) ELIGIBLE BORROWER. A municipality, county,
8 industrial development authority organized under Chapter 92A
9 of Title 11, industrial development board organized under
10 Article 4, Chapter 54 of Title 11, or nonprofit organization
11 organized to foster economic development and described in
12 Section 501(c) of the Internal Revenue Code of 1986, as in
13 effect from time to time.

14 (d) ELIGIBLE EXPENSES. Expenses relating to land
15 acquisition, site preparation or development, building
16 improvements, building construction, building renovations,
17 infrastructure, and any other real or personal property deemed
18 necessary or useful in connection therewith.

19 (e) ELIGIBLE PROJECT. A project located in a rural
20 county that, when completed, will provide employment
21 opportunities within one or more rural counties. An eligible
22 project shall be the subject of a project agreement, abatement
23 agreement or similar agreement between the company and any of
24 the state or an eligible borrower.

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

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

4 (h) PROJECT OBLIGATIONS. The meaning in Section
5 41-10-44.2(8).

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

8 (j) QUALIFYING EXPENSES. The eligible expenses
9 permitted to be financed by the loan pursuant to the rural
10 financing agreement.

11 (k) QUALIFYING PROJECT. An eligible project selected
12 by the authority to receive a loan from the fund to finance
13 its qualifying expenses.

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

16 (m) RURAL FINANCING AGREEMENT. Any agreement entered
17 into between the authority and a qualifying borrower
18 pertaining to a loan from the fund including, without
19 limitation, a loan agreement, trust indenture, security
20 agreement, reimbursement agreement, guarantee agreement, bond
21 or note, ordinance or resolution, or similar instrument. A
22 rural financing agreement may contain, in addition to
23 financial terms, provisions relating to the regulation and
24 supervision of the qualifying project and other provisions as
25 the authority may determine.

26 § 41-10-45.2.

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

13 (b) In addition to the purposes for which the
14 authority may issue project obligations, the authority is
15 hereby authorized to issue project obligations to provide
16 money for the fund. Project obligations shall be issued as
17 provided in Section 41-10-44.6, subject, however, to the
18 following:

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

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

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

7 (d) In addition to the purposes for which the
8 authority may refund project obligations pursuant to Section
9 41-10-44.10, the authority may issue project obligations to
10 refund project obligations issued to provide money for the
11 fund. Refunding project obligations shall be issued as
12 provided in Section 41-10-44.10, subject, however, to the
13 following:

14 (1) Refunding project obligations may also be
15 payable solely from revenues and receipts of the authority
16 derived from a rural financing agreement, from any other
17 source described in Section 41-10-45.4(a), or from any
18 combination thereof; and

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

23 § 41-10-45.3.

24 (a) The authority may provide loans to an eligible
25 borrower to pay for all or part of the eligible expenses of a
26 qualifying project pursuant to a rural financing agreement. A
27 loan may have a maturity or maturities not exceeding 20 years

1 from its date, may bear interest or be interest free, may not
2 exceed the maximum loan amount, and may contain terms not in
3 conflict with the provisions of this article, all as the
4 governing body of the authority may provide in the proceedings
5 pursuant to which the loan is authorized to be issued. The
6 authority may provide, in its discretion, that the loan shall
7 bear interest at a rate or rates fixed at the time of the
8 issuance thereof, or at fixed rates which may be changed from
9 time to time during the term of the loan in accordance with an
10 objective procedure determined by the authority at the time of
11 the issuance of the loan, or at a floating rate or rates, and
12 the authority may also provide, in its discretion, that
13 interest on the loan may be payable in cash or in kind at
14 fixed intervals, through one or more payments which reflect
15 compound interest computed at specified intervals on accrued
16 but unpaid interest, through a discount in the sales price for
17 the loan equivalent to compound interest on the loan for all
18 or part of the term thereof, or through any combination of the
19 foregoing methods. The proceeds derived from the loan shall be
20 used solely for the purpose specified in the rural financing
21 agreement.

22 (b) The authority shall determine the form and
23 content of loan applications, rural financing agreements and
24 loan obligations, including the term and rate or rates of
25 interest. The loan application must include a description of
26 the eligible project, the estimated cost of the project for

1 which assistance is requested and any other information
2 required by the authority.

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

5 (d) The authority may:

6 (1) Require a qualifying borrower with an
7 outstanding loan to submit to the authority information
8 relevant to the loan; and

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

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

13 (f) The treasurer of the state may invest the money
14 in the fund not currently needed to meet the obligations of
15 the fund under this article. The treasurer of the state may
16 contract with investment management professionals, investment
17 advisors and legal counsel to assist in the management of the
18 fund and may pay from the fund the state expenses incurred
19 under those contracts.

20 § 41-10-45.4.

21 (a) In order to provide for the repayment of a loan
22 by a qualifying borrower for a project, the qualifying
23 borrower is hereby authorized and empowered to do and perform
24 any one or more of the following:

25 (1) To obligate itself to pay to the authority at
26 periodic intervals a sum sufficient to repay the authority
27 loan according to the terms thereof;

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

5 (3) To undertake and obligate itself to pay its
6 contractual obligation to the authority solely from the
7 proceeds from any one or more of the sources specified in
8 paragraph (2), or to impose upon itself a general obligation
9 pledge to the authority additionally secured by a pledge of
10 any one or more of such sources;

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

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

17 (6) As security for its obligation to repay any loan
18 made by the authority, to contract for letters of credit in
19 favor of the authority, to execute and deliver mortgages on
20 any of its property in favor of the authority, to obtain and
21 provide guaranties of its obligation to the authority, or to
22 provide any other security as may be requested by the
23 authority; and

24 (7) To enter into such agreements, to perform such
25 acts and to delegate such functions and duties as its
26 governing body shall determine to be necessary or desirable to

1 enable the authority to fund a loan to the public body to aid
2 it in the construction or acquisition of a project.

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

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

9 § 41-10-45.5.

10 (a) The authority shall make an annual report to the
11 legislature as to the loans granted during, or outstanding at
12 the end of, each fiscal year. The report shall be due on the
13 fifth legislative day of each regular session and shall state,
14 for each qualifying project, the county in which it is
15 located, the name of the qualifying borrower, the outstanding
16 principal amount of the loan and the maturity date of the
17 loan.

18 (b) Nothing in this article shall be construed to
19 constitute a guarantee or assumption by the state of any debt
20 of any qualifying borrower nor to authorize the credit of the
21 state to be given, pledged or loaned to any qualifying
22 borrower.

23 § 41-10-45.6.

24 (a) The department and the authority may enter into
25 contracts and other agreements in connection with the
26 operation of the fund, including but not limited to agreements
27 appointing the department as the agent of the authority for

1 administration of the fund and the lending program authorized
2 hereby.

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

6 Section 5. If a court of competent jurisdiction
7 adjudges invalid or unconstitutional any clause, sentence,
8 paragraph, section, or part of this act, such judgment or
9 decree shall not affect, impair, invalidate, or nullify the
10 remainder of this act, but the effect of the decision shall be
11 confined to the clause, sentence, paragraph, section, or part
12 of this act adjudged to be invalid or unconstitutional.

13 Section 6. All laws or parts of laws which conflict
14 with this act are repealed.

15 Section 7. Following its passage and approval by the
16 Governor, or its otherwise becoming law, this act shall become
17 effective on the same date that HB ___ of the Regular Session
18 of 2015 of the Alabama Legislature should become effective. In
19 the event that HB ___ of the Regular Session of 2015 of the
20 Alabama Legislature is not enacted, then this act shall become
21 null and void.