

1 HB317  
2 189387-2  
3 By Representative Johnson (K)  
4 RFD: Economic Development and Tourism  
5 First Read: 25-JAN-18

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8 SYNOPSIS: This bill would revise notification and  
9 confidentiality provisions governing certain  
10 economic incentives provided for by law and would  
11 clarify what incentives are subject to the  
12 notification requirements.

13 This bill would also provide that certain  
14 activity relating to the award of certain economic  
15 incentives would not constitute lobbying.

16 This bill would also codify Act 91-635, 1991  
17 Regular Session, as amended by Act 97-645, 1997  
18 Regular Session, with certain revisions,  
19 authorizing the State Industrial Development  
20 Authority to sell and issue bonds for the financing  
21 of industrial development and site preparations and  
22 for other industrial development purposes.

23  
24 A BILL  
25 TO BE ENTITLED  
26 AN ACT  
27

1                   Relating to economic development; to amend Section  
2                   41-29-3, Code of Alabama 1975, to revise notification and  
3                   confidentiality provisions governing certain economic  
4                   incentives; to provide that certain activity relating to the  
5                   award of certain economic incentives would not constitute  
6                   lobbying; to clarify what incentives are subject to the  
7                   notification requirements; to add Article 5 to Chapter 29 of  
8                   Title 41, Code of Alabama 1975, to codify Act 91-635, 1991  
9                   Regular Session, as amended by Act 97-645, 1997 Regular  
10                  Session, with certain revisions, authorizing the State  
11                  Industrial Development Authority to sell and issue bonds for  
12                  the financing of industrial development and site preparations  
13                  and for other industrial development purposes.

14                  BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

15                         Section 1. This act shall be known and may be cited  
16                         as the The Alabama Jobs Enhancement Act.

17                         Section 2. Section 41-29-3, Code of Alabama 1975, is  
18                         amended to read as follows:

19                                 "§41-29-3.

20                                 "(a) (1) The Secretary of Commerce shall be notified,  
21                         ~~either orally or~~ in writing, about the general parameters of a  
22                         project if an entity is considering locating or expanding a  
23                         facility at a site within this state and intends to claim any  
24                         of the incentives provided by the State of Alabama that are  
25                         described in subdivision (2). The required notification should  
26                         be made as soon as the project's parameters are generally  
27                         known or when a site or sites have been identified by an

1 ~~investing a project~~ entity ~~or entities~~ or a visit is made to  
2 the State of Alabama by the project entity or its  
3 representative. The initial required notification may be made  
4 on an anonymous basis (i.e., "Project Alpha") in order to  
5 protect the confidentiality of a proposed project. Upon timely  
6 notifying the secretary within the time frame specified in  
7 this subdivision, the secretary shall transmit a letter to the  
8 ~~company~~ project entity or its representative acknowledging  
9 receipt of the required notification (the "notification  
10 acknowledgment letter").

11 (2) The required notification set forth in  
12 subdivision (1) applies to ~~(i) capital investment credits~~  
13 ~~pursuant to Act 95-187, as amended;~~ ~~(ii) site preparation~~  
14 ~~grants pursuant to Act 91-635, as amended;~~ ~~(iii) funding for~~  
15 ~~access roads and bridges through the Alabama Industrial Access~~  
16 ~~Road and Bridge Corporation pursuant to Act 85-549, as~~  
17 ~~amended;~~ ~~(iv) training or other assistance from the Alabama~~  
18 ~~Industrial Development Training Program where the annual~~  
19 ~~expenditures of cash is estimated to be in excess of one~~  
20 ~~million dollars (\$1,000,000); and any of the following:~~

21 "a. The jobs credit provided for by Section  
22 40-18-375.

23 "b. The investment credit provided for by Section  
24 40-18-376.

25 "c. Any action by a local government body pursuant  
26 to Amendment 772 of the Constitution of Alabama of 1901, or  
27 local amendment of similar effect.

1           "d. Any abatement of taxes pursuant to Chapters 9B  
2 or 9G of Title 40.

3           "e. The port credit provided for by Section  
4 40-18-403.

5           "f. The growing Alabama credit provided for by  
6 Section 40-18-413.

7           "g. Site preparation grants pursuant to Article 5 of  
8 Chapter 29 of Title 41.

9           "h. Funding for access roads and bridges through the  
10 Alabama Industrial Access Road and Bridge Corporation pursuant  
11 to Chapter 6 of Title 23.

12           "i. Training or other assistance from the Alabama  
13 Industrial Development Training Program.

14           "j. Any grant of federal funds administered or  
15 otherwise involving any state or local government, agency,  
16 department, body, or other entity.

17           ~~"(v) any~~ k. Any direct or indirect cash payment for  
18 a project from the State of Alabama, whether in the form of an  
19 in-kind contribution of a site, building, or equipment, or  
20 otherwise.

21           "(3)a. Unless the secretary should specially  
22 determine to the contrary, the notification set forth in  
23 subdivision (1) shall be available for public inspection two  
24 years after a project entity publicly commits to a site for  
25 development, whether the publicly-committed site is in this  
26 state or elsewhere.

1           "b. Notwithstanding any other provision of law,  
2 including, but not limited to, Chapter 25 of Title 36, the  
3 terms "lobby" and "lobbying" do not include promoting, or in  
4 any manner influencing or attempting to influence, the award,  
5 approval, or action related to any of the incentives listed in  
6 subdivision (2) or any other economic development incentive by  
7 any state or local government, agency, department, body, or  
8 other entity, regardless of whether the award, approval, or  
9 action is by grant or contract or otherwise.

10           "c. For purposes of this section, "economic  
11 development incentive" means any incentive sought by or  
12 offered to a project by a state or local government, agency,  
13 department, body, or other entity that is authorized by the  
14 laws of the state, including, but not limited to, those  
15 incentives listed in subdivision (2). The term does not mean  
16 legislation before the Legislature.

17           "(b) ~~All~~ Except as provided in Chapter 25A of Title  
18 36, all information concerning a proposed project which is  
19 provided to ~~the secretary and the Department of Commerce~~ any  
20 state or local government, agency, department, or other entity  
21 shall be confidential. Any state or local government, agency,  
22 department, or other entity, or the secretary on their behalf  
23 ~~The secretary~~ is authorized to enter into a confidentiality  
24 agreement with a ~~prospective~~ project entity which prohibits  
25 the disclosure of the identity of the prospective entity and  
26 any information obtained, whether orally or in writing, about  
27 the entity's proposed project. Unless the secretary should

1 especially determine to the contrary, such confidentiality  
2 agreements shall terminate five years after a project entity  
3 publicly commits to a site for development, whether the  
4 publicly-committed site is in this state or elsewhere.

5 "(c) The secretary may adopt rules to implement this  
6 section.

7 ~~"(c) All written statements of intent to claim the~~  
8 ~~capital credit which may be filed with the Department of~~  
9 ~~Revenue at anytime prior to the date on which a qualifying~~  
10 ~~project is placed in service pursuant to Section 40-18-191,~~  
11 ~~shall include the notification acknowledgment letter from the~~  
12 ~~secretary.~~

13 ~~"(d) All applications to the State Industrial~~  
14 ~~Development Authority for site preparation grants pursuant to~~  
15 ~~Act 91-635, 1991 Regular Session, as last amended by Act~~  
16 ~~97-645, 1997 Regular Session, shall include the notification~~  
17 ~~acknowledgment letter from the secretary.~~

18 ~~"(e) All applications to the Industrial Access Road~~  
19 ~~and Bridge Corporation for funding for access roads and~~  
20 ~~bridges shall include the notification acknowledgment letter~~  
21 ~~from the secretary.~~

22 ~~"(f) All companies seeking training or other~~  
23 ~~assistance from the Alabama Industrial Development Training~~  
24 ~~Program shall file an application with the Secretary of~~  
25 ~~Commerce if the annual expenditure of cash is estimated to be~~  
26 ~~in excess of one million dollars (\$1,000,000). The application~~  
27 ~~shall include the notification acknowledgment letter from the~~

1 ~~secretary. The secretary shall be responsible for reviewing,~~  
2 ~~coordinating, and processing each application. The secretary~~  
3 ~~shall have 30 days to process each application.~~

4 ~~"(g) An application must be filed with the secretary~~  
5 ~~before any direct or indirect cash payments are expended for a~~  
6 ~~project from the State of Alabama, whether the payment is in~~  
7 ~~the form of an in-kind contribution of a site, building,~~  
8 ~~equipment, or otherwise. The application shall include the~~  
9 ~~notification acknowledgment letter from the secretary. The~~  
10 ~~secretary shall be responsible for reviewing, coordinating,~~  
11 ~~processing, and approving each application for direct or~~  
12 ~~indirect cash payments and shall have 30 days to approve or~~  
13 ~~deny each application."~~

14 Section 3. A new Article 5 is added to Chapter 29 of  
15 Title 41, Code of Alabama 1975, to read as follows:

16 Article 5.

17 Section 41-29-501.

18 (a) For the purposes of this article, the following  
19 words and phrases shall have the following meanings:

20 (1) AUTHORITY. The public corporation organized  
21 pursuant to the provisions of Sections 41-10-20 through  
22 41-10-32, Code of Alabama 1975.

23 (2) AUTHORIZED PURPOSE. Any one or more of the  
24 purposes for which grants are herein authorized to be made as  
25 specified in Section 41-29-503(a).

26 (3) BOARD OF DIRECTORS. The board of directors of  
27 the authority.



1                   (4) BOND. The bonds issued under the provisions of  
2 this article.

3                   (5) CAPITAL COSTS. All costs and expenses incurred  
4 by one or more investing companies in connection with the  
5 acquisition, construction, installation and equipping of a  
6 qualifying project during the period commencing with the date  
7 on which such acquisition, construction, installation and  
8 equipping commences and ending on the date on which the  
9 qualifying project is placed in service, including, without  
10 limitation of all of the following:

11                   a. The costs of acquiring, constructing, installing,  
12 equipping and financing a qualifying project, including all  
13 obligations incurred for labor and to contractors,  
14 subcontractors, builders, and materialmen.

15                   b. The costs of acquiring land or rights in land and  
16 any cost incidental thereto, including recording fees.

17                   c. The costs of contract bonds and of insurance of  
18 all kinds that may be required or necessary during the  
19 acquisition, construction or installation of a qualifying  
20 project.

21                   d. The costs of architectural and engineering  
22 services, including test borings, surveys, estimates, plans  
23 and specifications, preliminary investigations, environmental  
24 mitigation and supervision of construction, as well as for the  
25 performance of all the duties required by or consequent upon  
26 the acquisition, construction and installation of a qualifying  
27 project.

1 e. The costs associated with installation of  
2 fixtures and equipment; surveys, including archaeological and  
3 environmental surveys; site tests and inspections; subsurface  
4 site work; excavation; removal of structures, roadways,  
5 cemeteries, and other surface obstructions; filling, grading,  
6 paving and provisions for drainage, storm water retention,  
7 installation of utilities, including water, sewer, sewage  
8 treatment, gas, electricity, communications, and similar  
9 facilities; off-site construction of utility extensions to the  
10 boundaries of the property.

11 f. All other costs of a nature comparable to those  
12 described, including, without limitation, all project costs  
13 which are required to be capitalized for federal income tax  
14 purposes pursuant to 26 U.S.C. § 263A.

15 g. Costs otherwise defined as capital costs that are  
16 incurred by the investing company where the investing company  
17 is the lessee under a lease that: (i) has a term of not less  
18 than five years, and (ii) is characterized as a capital lease  
19 for federal income tax purposes. Capital costs shall not  
20 include property owned or leased by the investing company or a  
21 related party before the commencement of the acquisition,  
22 construction, installation or equipping of the qualifying  
23 project unless such property was physically located outside  
24 the state for a period of at least one year prior to the date  
25 on which the qualifying project was placed in service.

26 h. Costs either paid or incurred by (i) a public  
27 industrial development board or authority (including, without

1 limitation, the State Industrial Development Authority), city,  
2 county, or other public corporation or political subdivision  
3 (a "public entity") for the benefit of a qualifying project  
4 where such costs are treated as costs paid by an investing  
5 company with respect to the qualifying project for federal  
6 income tax purposes (such costs shall not include amounts  
7 contributed by a public entity to a qualifying project as a  
8 capital contribution, grant, or gift except to the extent that  
9 an investing company has cost basis in the contribution,  
10 grant, or gift for federal income tax purposes); or (ii) a  
11 related party to an investing company to the extent such costs  
12 are included in or taken into account in determining the  
13 investing company's federal income tax basis in the qualifying  
14 project, whether or not incurred by an investing company.

15 (6) GRANTEE. A county, municipality, local  
16 industrial development board or authority or economic  
17 development council or authority, airport authority, port  
18 authority or public corporation or political subdivision,  
19 department, or agency of this state authorized to own or  
20 possess by lease a project site, to which a grant of money is  
21 made as provided in Section 41-29-503 hereof.

22 (7) HEADQUARTERS FACILITY. A facility described by  
23 Section 40-18-372(1)d. or f.

24 (8) INDUSTRIAL, WAREHOUSING, OR RESEARCH ACTIVITY.  
25 Any trade or business predominantly conducting an activity  
26 described in Section 40-18-372(1).

1           (9) INVESTING COMPANY. Any corporation, partnership,  
2 limited liability company, proprietorship, trust or other  
3 business' entity, regardless of form, making a qualified  
4 investment.

5           (10) PERSON. Unless limited to a natural person by  
6 the context in which it is used, includes a private firm, a  
7 private association, a public or private corporation or  
8 partnership (whether limited liability company, limited  
9 liability partnership or other form of business organization),  
10 a municipality, a county, or an agency, department or  
11 instrumentality of the state or of a county or municipality.

12           (11) PREPARATION OF PROJECT SITES. The preparation  
13 of project sites including, without limitation, (i)  
14 preparation of a means of access to the site, (ii) provision  
15 for adequate drainage of the site to prevent the accumulation  
16 of excess natural waters thereon, (iii) boundary and  
17 topographical surveying, clearing and grubbing, and  
18 excavating, (iv) the reasonable rehabilitation of buildings  
19 and other structures, and (v) other work relative to site  
20 preparation deemed necessary or appropriate.

21           (12) PROJECT. Any land, building or other  
22 improvement, whether or not previously in existence, located  
23 or to be located in the state.

24           (13) PROJECT SITES. Land and structures located  
25 thereon owned by a grantee or potential grantee on which a  
26 qualifying project has been or will be located and which is

1 held for sale or lease to a person for use as a qualifying  
2 project.

3 (14) QUALIFYING INVESTMENTS. The undertaking by one  
4 or more investing companies of a qualifying project.

5 (15) QUALIFYING PROJECT. A project to be sponsored  
6 or undertaken by one or more investing companies (i) at which  
7 the predominant trade or business activity conducted will  
8 constitute industrial, warehousing or research activity, or  
9 (ii) which qualifies as a headquarters facility.

10 (16) STATE. The State of Alabama.

11 (b) The definitions set forth above shall be deemed  
12 applicable whether the words defined are used in the singular  
13 or plural. Whenever used herein, any pronoun or pronouns shall  
14 be deemed to include both singular and plural and to cover all  
15 genders.

16 Section 41-29-502.

17 (a) In addition to all powers heretofore conferred  
18 on it by acts heretofore enacted by the Legislature of  
19 Alabama, and in addition to all other powers conferred on it  
20 in this article, the authority is hereby authorized to sell  
21 and issue its bonds, not exceeding one hundred million dollars  
22 (\$100,000,000) in aggregate principal amount, for the purposes  
23 of making the grants of money authorized in Section 41-29-503  
24 hereof and to anticipate by the issuance of its bonds the  
25 receipt of the revenues herein appropriated and pledged;  
26 provided the authority shall not issue more than ten million  
27 dollars (\$10,000,000) in aggregate principal amount of such

1 bonds in any two-year period; and provided there shall not be  
2 more than forty million dollars (\$40,000,000) in aggregate  
3 principal amount of such bonds, in addition to bonds  
4 heretofore issued by the authority, outstanding at any one  
5 time, but excluding for this purpose refunding bonds, which  
6 shall not be considered in determining such limit. The bonds  
7 authorized hereby may be sold in one or more series.

8 (b) It is further provided that the authority shall  
9 be exempt from the laws of the state governing usury or  
10 prescribing or limiting interest rates, including, without  
11 limitation, the provisions of Chapter 8 of Title 8 of the Code  
12 of Alabama 1975.

13 Section 41-29-503.

14 (a) The authority is hereby authorized to make  
15 grants of money derived from the sale of its bonds, to  
16 grantees for use by the grantees for any one or more of the  
17 following purposes:

18 (1) The making of surveys to determine the location  
19 of suitable project sites in the locality of the grantee;

20 (2) The making of surveys to determine the  
21 availability of labor in the locality of the grantee and to  
22 classify such labor in terms of skills and educational level;

23 (3) The preparation of project sites; or

24 (4) Any combination of any of the foregoing which  
25 the grantees consider appropriate and necessary for the  
26 promotion of industrial development in their respective  
27 localities.

1 (b) Provided, however, that 20 percent of the grant  
2 funds shall be expended specifically in rural areas of the  
3 state and/or areas with high unemployment and low personal  
4 income levels. The Director of the State Industrial  
5 Development Authority shall report annually to the Chairs of  
6 the House Government Finance and Appropriations Committee and  
7 the Senate Finance and Taxation-General Fund Committee and the  
8 Legislative Fiscal Officer the status of all grants allotted  
9 and specifically those grants allotted in rural areas of the  
10 state and/or areas with high unemployment and low personal  
11 income levels.

12 (c) Every grant of money made by the authority, any  
13 part of which is made from the proceeds of the authority's  
14 bonds, shall be made subject to the terms and conditions set  
15 forth herein, which are here by declared to be legally  
16 enforceable, and may be enforced by the authority, in any  
17 court of competent jurisdiction.

18 (d) Each application to the authority shall set  
19 forth the following:

20 (1) A description of the qualifying project;

21 (2) The estimated capital costs of the qualifying  
22 project; and

23 (3) Such other information, certification, and  
24 agreements as may be required by the authority to be contained  
25 in any application.

26 (e) Subject to receipt of an application and other  
27 required documentation and agreements in form and substance

1       satisfactory to the authority, the grantee, subject to  
2       availability of funds, shall receive grants as follows:

3               (1) For qualifying projects having capital costs of  
4       less than \$200,000, an amount equal to 5 percent of the  
5       capital costs of the qualifying project;

6               (2) For qualifying projects having capital costs of  
7       not less than \$200,000, but less than \$500,000, an amount  
8       equal to 3.5 percent of the capital costs of the qualifying  
9       project, with a minimum grant of \$10,000;

10              (3) For qualifying projects having capital costs of  
11       not less than \$500,000, but less than \$1,000,000, an amount  
12       equal to 2.5 percent of the capital costs of the qualifying  
13       project, with a minimum grant of \$20,000;

14              (4) For qualifying projects having capital costs of  
15       not less than \$1,000,000, but less than \$2,000,000, an amount  
16       equal to 1.5 per cent of the capital costs of the qualifying  
17       project, with a minimum grant of \$28,000;

18              (5) For qualifying projects having capital costs of  
19       not less than \$2,000,000, but less than \$10,000,000, an amount  
20       equal to 1 percent of the capital costs of the qualifying  
21       project, with a minimum grant of \$32,000; and

22              (6) For qualifying projects having capital costs of  
23       not less than \$10,000,000, an amount equal to .75 percent of  
24       the capital costs of the qualifying project, with a minimum  
25       grant of \$100,000 and a maximum grant of \$150,000.

26              (f) The authority shall have the power to audit the  
27       disbursements by the grantees from such grant or grants.



1 (g) The authority may specify any appropriate terms  
2 and conditions to facilitate the enforcement of the foregoing  
3 provisions of this section.

4 (h) The Director of the State Industrial  
5 Development Authority shall report annually to each member of  
6 the Legislature on the number and amount and location of  
7 grants distributed by the authority. The report for the  
8 previous fiscal year shall be reported by the second  
9 legislative day of each regular session.

10 (i) All grants made by the State Industrial  
11 Development Authority prior to the effective date of this act  
12 are hereby ratified, confirmed, and approved.

13 Section 41-29-504.

14 The bonds of the authority shall be signed by its  
15 president and attested by its secretary, and the seal of the  
16 authority shall be affixed thereto or a facsimile of such seal  
17 shall be printed or otherwise reproduced thereon; provided,  
18 that (a) a facsimile of the signature of one, but not both, of  
19 said officers may be printed or otherwise reproduced on any  
20 such bonds in lieu of being manually subscribed thereon, and  
21 (b) a facsimile of the signatures of both of the said officers  
22 may be printed or otherwise reproduced on such bonds in lieu  
23 of being manually affixed thereof if the authority, in its  
24 proceedings with respect to issuance of the bonds, provides  
25 for manual authentication of such bonds and the secretary  
26 designates a trustee or paying agent or named individuals who  
27 are employees of the state and who are assigned to the finance

1 department or the state treasurer's office of the state to  
2 authenticate the bonds. Any bonds of the authority may be  
3 executed and delivered by it any time and from time to time  
4 and shall be in such form or forms and such denomination or  
5 denominations and of such tenor and maturity or maturities,  
6 shall bear such rate or rates of interest, which may be  
7 variable rates, shall be payable at such times and evidenced  
8 in such manner, and may contain such other provisions not  
9 inconsistent herewith, all as may be provided by the  
10 resolution of the board of directors of the authority under  
11 which such bonds are authorized to be issued; provided, that  
12 no bond of the authority shall have a specified maturity date  
13 later than twenty years after its date. Any bond of the  
14 authority may be made subject to redemption at the option of  
15 the authority at such times and after such notice and on such  
16 conditions and at such redemption price or prices as may be  
17 provided in the resolution under which it is authorized to be  
18 issued; provided, that those bonds of the authority having  
19 specified maturity dates more than ten years after their date  
20 shall be made subject to redemption at the option of the  
21 authority not later than the end of the tenth year after their  
22 date, and on any interest payment date thereafter, under such  
23 terms and conditions and at such redemption price or prices as  
24 may be provided in the resolution under which such bonds are  
25 authorized to be issued. Bonds of the authority may be sold at  
26 such price or prices and at such time or times as the board of  
27 directors of the authority may consider advantageous, either

1 at public or private sale and by negotiation or by competitive  
2 bid. Bonds of the authority sold by competitive bid must be  
3 sold, whether on sealed bids or at public auction, to the  
4 bidder whose bid reflects the lowest true interest cost to the  
5 authority for the bonds being sold, computed from their date  
6 to their respective maturities; provided, that if no bid  
7 acceptable to the authority is received, it may reject all  
8 bids. The authority may fix the terms and conditions under  
9 which each sale of bonds may be held; provided, that such  
10 terms and conditions shall not conflict with any of the  
11 requirements of this article. Subject to the provisions and  
12 limitations contained in this article, the authority may from  
13 time to time sell and issue refunding bonds for the purpose of  
14 refunding any matured or unmatured bonds of the authority then  
15 outstanding. Such refunding bonds shall be subrogated and  
16 entitled to all priorities, rights and pledges to which the  
17 bonds refunded thereby were entitled. The authority may pay  
18 out of the proceeds of the sale of its bonds attorneys' fees  
19 and the expenses of issuance which the board of directors may  
20 deem necessary and advantageous in connection with the  
21 issuance of such bonds. Bonds issued by the authority shall  
22 not be general obligations of the authority but shall be  
23 payable solely out of the funds appropriated and pledged  
24 thereof in Section 41-29-506 hereof. As security for the  
25 payment of the principal of and interest on the bonds issued  
26 by it, the authority is hereby authorized and empowered to  
27 pledge for payment of such principal and interest the funds

1 that are appropriated and pledged in Section 41-29-506 hereof  
2 for payment of such principal and interest. All such pledges  
3 made by the authority shall take precedence in the order of  
4 the adoption of the resolutions containing such pledges;  
5 provided, that each pledge for the benefit of refunding bonds  
6 shall have the same priority as the pledge for the benefit of  
7 the bonds refunded thereby. All contracts made and all bonds  
8 issued by the authority pursuant to the provisions of this  
9 article shall be solely and exclusively obligations of the  
10 authority and shall not constitute or, create an obligation or  
11 debt of the State of Alabama. All bonds issued by the  
12 authority and the income therefrom shall be exempt from all  
13 taxation in the state. Any bonds issued by the authority may  
14 be used by the holder thereof as security for any funds  
15 belonging to the state, or to any political subdivision,  
16 instrumentality of agency of the state, in any instance where  
17 security for such deposits may be required by law. Unless  
18 otherwise directed by the court having jurisdiction thereof,  
19 or the document that is the source of authority, a trustee,  
20 executor, administrator, guardian, or one acting in any other  
21 fiduciary capacity may, in addition to any other investment  
22 powers conferred by law and with the exercise of reasonable  
23 business prudence, invest trust funds in bonds of the  
24 authority. Neither a public hearing nor consent of the  
25 department of finance of the state or any other department or  
26 agency shall be a prerequisite to the issuance of the bonds by  
27 the authority. The bonds issued under the provisions of this

1 article shall be legal investments for funds of the Teachers'  
2 Retirement System of Alabama, the Employees' Retirement System  
3 of Alabama, and the State Insurance Fund.

4 Section 41-29-505.

5 (a) The proceeds of all bonds, other than refunding  
6 bonds, issued by the authority remaining after paying expenses  
7 of their issuance, shall be deposited in the state treasury  
8 and shall be carried in the state treasury in a special or  
9 separate account or accounts. Such funds shall be subject to  
10 be drawn upon by the authority, but any funds so withdrawn  
11 shall be used solely for the purposes for which the bonds were  
12 issued as authorized in this article.

13 (b) The state treasurer, with the approval of the  
14 secretary of the authority, shall invest funds not needed by  
15 the authority within the ensuing thirty days for any purpose  
16 for which they are held, which investments shall be made in  
17 the manner authorized and provided for in Section 36-17-18.  
18 The state treasurer and the authority may apply so much as may  
19 be necessary from the earnings on said investments toward  
20 satisfaction of the arbitrage rebate requirements under the  
21 Internal Revenue Code of 1986, as amended.

22 (c) The proceeds from the sale of any refunding  
23 bonds issued hereunder remaining after paying the expenses of  
24 their issuance shall be used only for the purpose of refunding  
25 the principal of outstanding bonds of the authority and of  
26 paying any premium that may be necessary to be paid in order  
27 to redeem or retire the bonds to be refunded.

1                   Section 41-29-506.

2                   For the purpose of providing funds to enable the  
3 authority to pay at their respective maturities the principal  
4 of and interest on any bonds issued by it under the provisions  
5 of this article and to accomplish the objects of this article,  
6 there are hereby irrevocably pledged to such purpose and there  
7 are hereby appropriated so much as may be necessary for such  
8 purpose of: (a) the residue of the receipts from the tax  
9 levied by Sections 40-25-2 and 40-25-41 after there shall have  
10 been taken therefrom the amount necessary for the purposes  
11 specified in Section 40-25-23(1)b.1., as in existence prior to  
12 the effective date of Act 91-635; and (b) any other revenues  
13 or receipts dedicated to the payment of bonds of the  
14 authority, issued by it under the provisions of Act 91-635 or  
15 any subsequent authorizing legislation. All moneys hereby  
16 appropriated and pledged shall constitute a sinking fund for  
17 the purpose of paying the principal of and the interest on the  
18 bonds herein authorized.

19                   Section 41-29-507.

20                   Out of the revenues appropriated and pledged in  
21 Section 41-29-506 hereof, the state treasurer is hereby  
22 authorized and directed to pay the principal of and interest  
23 on the bonds issued by the authority under the provisions of  
24 this article, as the said principal and interest shall  
25 respectively mature, and the state treasurer is further  
26 authorized and directed to set up and maintain appropriate  
27 records pertaining thereto.

1                   Section 4. The provisions of this act are severable.  
2                   If any part of this act is declared invalid or  
3                   unconstitutional, that declaration shall not affect the part  
4                   which remains.

5                   Section 5. This act shall become effective  
6                   immediately following its passage and approval by the  
7                   Governor, or its otherwise becoming law.