

**SB205 ENROLLED**



1 5V1S66-3  
2 By Senators Orr, Allen  
3 RFD: Transportation and Energy  
4 First Read: 12-Apr-23  
5 2023 Regular Session



## SB205 Enrolled

1 Enrolled, An Act,

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4           Relating to the Alabama Transportation Infrastructure  
5 Bank; to amend Sections 23-7-2 and 23-7-15, Code of Alabama  
6 1975, to include additional entities, including tax increment  
7 districts, Alabama improvement districts, and cooperative  
8 improvement districts, as government units that may receive  
9 loans or financial assistance from the bank; to reduce the  
10 minimum project cost to be eligible for assistance from the  
11 bank; and to further provide for the bank's annual reporting  
12 requirements.

13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

14           Section 1. Sections 23-7-2 and 23-7-15, Code of Alabama  
15 1975, is amended to read as follows:

16           "§23-7-2

17           For the purposes of this chapter, the following words  
18 shall have the following meanings:

19           (1) BANK. The Alabama Transportation Infrastructure  
20 Bank.

21           (2) BOARD. The board of directors of the bank.

22           (3) BONDS. Includes bonds, notes, or other evidence of  
23 indebtedness except as otherwise provided in this chapter.

24           (4) DEPARTMENT or DEPARTMENT OF TRANSPORTATION. The  
25 Alabama Department of Transportation.

26           (5) ELIGIBLE COST. As applied to a qualified project to  
27 be financed from the federal highway account, the costs that  
28 are permitted under applicable federal laws, requirements,



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29 procedures, and guidelines in regard to establishing,  
30 operating, and providing assistance from the bank. As applied  
31 to a qualified project to be financed from the state highway  
32 account, these costs include the costs of preliminary  
33 engineering, traffic, and revenue studies; environmental  
34 studies; right-of-way acquisition; legal and financial  
35 services associated with the development of the qualified  
36 project; construction; construction management; facilities;  
37 and other costs necessary for the qualified project.

38 (6) ELIGIBLE PROJECT. Highways, roads, bridges, and  
39 mass transit capital projects which provide public benefits by  
40 either enhancing mobility and safety, promoting economic  
41 development, or increasing the quality of life and general  
42 welfare of the public.

43 (7) FINANCING AGREEMENT. Any agreement entered into  
44 between the bank and a qualified borrower pertaining to a loan  
45 or other financial assistance. This agreement may contain, in  
46 addition to financial terms, provisions relating to the  
47 regulation and supervision of a qualified project, or other  
48 provisions as the board may determine. The term includes,  
49 without limitation, a loan agreement, trust indenture,  
50 security agreement, reimbursement agreement, guarantee  
51 agreement, bond or note, ordinance or resolution, or similar  
52 instrument.

53 (8) GOVERNMENT UNIT. A municipal corporation, county,  
54 or another public body, instrumentality, or agency of the  
55 state including combinations of two or more of these entities  
56 acting jointly to finance, construct, own, or operate a



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57 qualified project, and any other state or local authority,  
58 public corporation, board, commission, agency, department, or  
59 other political subdivision created by the Legislature or  
60 pursuant to the Constitution of Alabama of ~~1901~~2022, and laws  
61 of this state which may finance, construct, own, or operate a  
62 qualified project.

63 (9) LOAN. An obligation subject to repayment which is  
64 provided by the bank to a qualified borrower for all or a part  
65 of the eligible cost of a qualified project. A loan may be  
66 disbursed in anticipation of reimbursement for or direct  
67 payment of eligible costs of a qualified project or to  
68 refinance temporary financing used to pay eligible costs of a  
69 qualified project.

70 (10) LOAN OBLIGATION. A bond, note, or other evidence  
71 of an obligation issued by a qualified borrower.

72 (11) OTHER FINANCIAL ASSISTANCE. Includes, but is not  
73 limited to, grants, contributions, credit enhancement, capital  
74 or debt reserves for bonds or debt instrument financing,  
75 interest rate subsidies, provision of letters of credit and  
76 credit instruments, provision of bond or other debt financing  
77 instrument security, and other lawful forms of financing and  
78 methods of leveraging funds that are approved by the board,  
79 and in the case of federal funds, as allowed by federal law.

80 (12) PERMITTED INVESTMENTS. Include any of the  
81 following:

82 a. Certificates of deposit, savings accounts, deposit  
83 accounts,    or money market deposits that are any of the  
84 following:



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85 1. Secured as provided in Chapter 14A of Title 41.

86 2. Fully insured by the FDIC.

87 3. Made with a bank whose unsecured, long-term  
88 obligations are rated by at least one nationally recognized  
89 securities rating agency in one of the three highest rating  
90 categories assigned by that rating agency.

91 b. Direct obligations of, or obligations the full and  
92 timely payment of which is guaranteed by, the United States of  
93 America, including unit investment trusts and mutual funds  
94 that invest solely in such obligations.

95 c. Bonds, debentures, notes, pass through securities,  
96 or other obligations issued or guaranteed by any federal  
97 agency or corporation which has been or may hereafter be  
98 created by or pursuant to an act of the Congress of the United  
99 States of America as an agency or instrumentality thereof if  
100 such obligations are either of the following:

101 1. Backed by the full faith and credit of the United  
102 States of America.

103 2. Rated by at least one nationally recognized  
104 securities rating agency in one of the three highest rating  
105 categories assigned by the rating agency.

106 d. Commercial paper which is rated not less than "P-1"  
107 by Moody's Investor Service or "A-1+" by Standard & Poor's at  
108 the time of purchase.

109 e. Money market funds rated by at least one nationally  
110 recognized securities rating agency in one of the three  
111 highest rating categories assigned by that rating agency.

112 f. Bonds, warrants, notes, or other obligations issued



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113 by any state, county, or municipality that are rated by at  
114 least one nationally recognized securities rating agency in  
115 one of the three highest rating categories assigned by that  
116 rating agency.

117 g. Investment agreements, including, without  
118 limitation, guaranteed investment contracts, repurchase  
119 agreements, and forward purchase agreements, provided that all  
120 of the following are satisfied:

121 1. Any securities purchased or held pursuant to such  
122 agreement are otherwise permitted investments.

123 2. The counterparty's long-term debt obligations are  
124 rated by at least one nationally recognized securities rating  
125 agency in one of the three highest rating categories assigned  
126 by that rating agency.

127 3. The securities, if purchased, are owned by the bank  
128 or a trustee for any of the bank's obligations and are held by  
129 the bank, the trustee, or a third-party custodian acceptable  
130 to the bank or, if held as collateral, are held by the bank,  
131 the trustee, or a third-party custodian acceptable to the bank  
132 with a perfected first security interest in such collateral.

133 h. Investment or cash management agreements with a  
134 commercial bank whose senior long-term debt obligations are,  
135 at the time of the acquisition of any such investment or cash  
136 management agreement for the account of the bank, rated by at  
137 least one nationally recognized securities rating agency in  
138 one of the three highest rating categories assigned by that  
139 rating agency, or with a commercial bank that is owned or  
140 controlled by a bank holding company whose senior long-term



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141 debt obligations are, at the time of the acquisition of any  
142 such investment or cash management agreement for the account  
143 of the bank, rated by at least one nationally recognized  
144 securities rating agency in one of the three highest rating  
145 categories assigned by that rating agency.

146 (13) PROJECT REVENUES. All rates, rents, fees,  
147 assessments, charges, and other receipts derived or to be  
148 derived by a qualified borrower from a qualified project or  
149 made available from a special source, and, as provided in the  
150 applicable financing agreement, derived from any system of  
151 which the qualified project is a part of, from any other  
152 revenue producing facility under the ownership or control of  
153 the qualified borrower including, without limitation, proceeds  
154 of grants, gifts, appropriations, and loans, including the  
155 proceeds of loans made by the bank, investment earnings,  
156 reserves for capital and current expenses, proceeds of  
157 insurance or condemnation and proceeds from the sale or other  
158 disposition of property and from any other special source as  
159 may be provided by the qualified borrower.

160 (14) QUALIFIED BORROWER. Any government unit which is  
161 authorized to finance, construct, operate, or own a qualified  
162 project or the applicable portion thereof in the case of a  
163 qualified project consisting of a pool of eligible projects  
164 for more than one government unit.

165 (15) QUALIFIED PROJECT. Includes either of the  
166 following:

167 a. An eligible project or combination of eligible  
168 projects of a government unit, the aggregate total cost of



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169 which exceeds ~~five million dollars (\$5,000,000)~~ one million  
170 dollars (\$1,000,000), which has been selected by the bank to  
171 receive a loan or other financial assistance from the bank to  
172 defray an eligible cost.

173 b. A pool of eligible projects of government units, the  
174 aggregate total cost of which exceeds ~~five million dollars~~  
175 ~~(\$5,000,000)~~ one million dollars (\$1,000,000), which  
176 government units have been selected by the bank to receive a  
177 loan funded from the proceeds of bonds issued by the bank for  
178 the pool of eligible projects to defray an eligible cost.

179 (16) REVENUES. When used with respect to the bank, any  
180 receipts, fees, income, or other payments received or to be  
181 received by the bank including, without limitation, receipts  
182 and other payments deposited in the bank and investment  
183 earnings on its funds and accounts."

184 "§23-7-15

185 Following the close of each state fiscal year, the bank  
186 shall submit an annual report of its activities for the  
187 preceding year to the Governor and to the Legislature. The  
188 report may be incorporated into the annual report required  
189 pursuant to Section 23-1-35 or may be prepared as a separate  
190 document. The bank also shall submit an annual report to the  
191 appropriate federal agency in accordance with requirements of  
192 any federal program. An independent certified public  
193 accountant or the Department of Examiners of Public Accounts  
194 shall perform an audit of the books and accounts of the bank  
195 at least once in each state fiscal year."

196 Section 2. This act shall become effective on the first





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197 day of the third month following its passage and approval by  
198 the Governor, or its otherwise becoming law.



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President and Presiding Officer of the Senate

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Speaker of the House of Representatives

SB205  
Senate 02-May-23  
I hereby certify that the within Act originated in and passed  
the Senate, as amended.

Patrick Harris,  
Secretary.

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House of Representatives  
Passed: 01-Jun-23

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By: Senator Orr