SB304

CX6ZNQJ-1

By Senators Orr, Livingston, Allen, Sessions, Price, Chesteen, Williams, Melson, Singleton, Roberts, Carnley, Bell, Kitchens

RFD: Fiscal Responsibility and Economic Development

First Read: 08-Apr-25

SYNOPSIS:

This bill would enact the Powering Growth Act.

This bill would create the Alabama Energy Infrastructure Bank as a division within the State Industrial Development Authority for the purpose of selecting and assisting in the financing of qualified energy infrastructure projects necessary to meet the energy demands of economic development and industrial recruitment projects throughout the State of Alabama.

The bill would specify sources for capitalization and liability of the bank, as well as the procedures for the bank to provide loans to electric providers.

This bill would authorize the bank to issue bonds for certain qualified projects under certain conditions, secured by various revenue sources made available to the bank.

This bill would also establish the Strategic Energy Infrastructure Development Fund within the State Treasury and provide for its funding and use by the State Industrial Development Authority, to purchase or otherwise obtain long lead-time energy infrastructure equipment and support for industrial site needs throughout the state.

This bill would require the authority to submit an annual report to the Governor and the Legislature regarding the activities of the infrastructure bank and use of the strategic development fund.

A BILL

TO BE ENTITLED

AN ACT

Relating to energy infrastructure; to add Article 2E, Chapter 10, Title 41, commencing with Section 41-10-48.01, to the Code of Alabama 1975; to enact the Powering Growth Act; to establish the Alabama Energy Infrastructure Bank as a division within the State Industrial Development Authority for the purpose of selecting and assisting in the financing of qualified energy infrastructure projects necessary to meet the energy demands of economic development and industrial recruitment projects throughout the State of Alabama; to provide for the sources of capitalization and liability of the bank; to provide procedures for the issuance of loans to electric providers; to authorize the bank to issue bonds under certain conditions, secured by various revenue sources made available to the bank; to establish the Strategic Energy Infrastructure Development Fund within the State Treasury under the State Industrial Development Authority and provide for its funding; to authorize the State Industrial Development

Authority to use the fund to purchase or otherwise obtain long lead-time energy infrastructure equipment and support for industrial site needs throughout the state; to establish a process to sell and distribute equipment procured by the fund; and to require the authority to submit an annual report to the Governor and Legislature regarding the activities of the bank and use of the strategic development fund.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Article 2E, Chapter 10, Title 41, commencing with Section 41-10-48.01, is added to the Code of Alabama 1975, as follows:

§41-10-48.01

This act shall be known and may be sited as the Powering Growth Act.

§41-10-48.02

(a) The Legislature finds and declares the following:

(1) That Alabama's new strategic economic growth plan for the next decade identifies 10 target sectors, including metals and advanced materials, chemical manufacturing, and technology, that utilize a significant amount of energy and will require expansions and upgrades of existing utility infrastructure to meet the increased demand for energy.

(2) That Alabama's peak energy demand is expected to grow by 6GW in the next decade, a 33 percent increase from today, according to the State Infrastructure Study.

(3) That significant lead times exist for critical energy infrastructure components, that will be neccessary to meet the growing demand for energy and continued economic

growth.

(4) That it is in the best interest of the state to accelerate energy infrastructure development necessary to sustain economic growth by:

a. Providing financing and support to the various electric providers in the state through loans and other financial assistance to accelerate the rate of energy infrastructure development; and

b. Procuring energy infrastructure components with long-lead times to make available to the various electric providers in the state for more rapid deployment.

(b) By the passage of this act, it is the intent of the Legislature to:

(1) Prescribe certain additional powers of the State Industrial Development Authority;

(2) Create the Alabama Energy Infrastructure Bank and the Alabama Energy Infrastructure Fund to provide strategic financing for energy infrastructure projects that support economic growth; and

(3) Establish for the Strategic Energy Infrastructure Development Fund to address long-lead times for critical energy infrastructure components.

§41-10-48.03

For the purposes of this act, the following words shall have the following meanings:

(1) AUTHORITY. The State Industrial Development Authority.

(2) BONDS. Includes bonds, notes, or other evidence of

indebtedness except as otherwise provided in this article.

(3) ELECTRIC PROVIDER. The same meaning as provided in Section 37-16-3 and shall also include the Tennessee Valley Authority and an authority as defined in Section 11-50A-1.

(4) ELIGIBLE PROJECT. Energy infrastructure projects and associated costs that either:

a. Support a qualifying project approved by the Department of Commerce pursuant to Section 40-18-372;

b. Provide or enhance the energy infrastructure necessary for development of a site approved by the State Industrial Development Authority for grants pursuant to Article 2D, Chapter 10, Title 41; or

c. Support the construction, enhancement, expansion, or upgrade of energy infrastructure projects in areas where the energy infrastructure is anticipated to facilitate future economic development as determined by the authority.

This term shall not include funding for activities associated with the general maintenance, repair, or upkeep of energy infrastructure.

(5) ENERGY BANK. The Alabama Energy Infrastructure Bank.

(6) ENERGY FUND. The Alabama Energy Infrastructure Fund established under Section 41-10-48.04.

(7) ENERGY INFRASTRUCTURE PROJECTS. Generation infrastructure, transmission infrastructure, and projects addressing long-lead items.

(8) FINANCIAL ASSISTANCE. Includes, but is not limited to, contractual guarantees supporting eligible projects,

credit enhancement, capital or debt reserves for bonds or debt instrument financing, interest rate subsidies, provision of letters of credit and credit instruments, provision of bond or other debt financing instrument security, reimbursable or other contractual arrangements, and other lawful forms of financing and methods of leveraging funds that are approved by the authority, and in the case of federal funds, as allowed by federal law.

(9) FINANCING AGREEMENT. Any agreement entered into between the authority and an electric provider pertaining to a loan or other financial assistance and other provisions as the authority may determine. The term includes, without limitation, a loan agreement, trust indenture, security agreement, reimbursement agreement, guarantee agreement, bond or note, ordinance or resolution, or similar instrument.

(10) LOAN. An obligation subject to repayment which is provided by the authority to an electric provider for all or a part of the costs of an eligible project. A loan may be disbursed in anticipation of reimbursement for or direct payment of costs of an eligible project or to refinance temporary financing used to pay costs of an eligible project.

(11) LOAN OBLIGATION. A bond, note, or other evidence of an obligation issued by an electric provider.

(12) LONG-LEAD ITEMS. Equipment, components, or materials necessary for energy infrastructure projects that require extended manufacturing, procurement, or delivery times of at least 24 months and with a total cost that exceeds two hundred fifty thousand dollars ($250,000), as may be approved

by the authority.

(13) PERMITTED INVESTMENTS. Includes any of the following:

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

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

2. Fully insured by the FDIC.

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

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

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

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

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

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

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

f. Bonds, warrants, notes, or other obligations issued by any state, county, or municipality that are rated by at least one nationally recognized securities rating agency in one of the three highest rating categories assigned by that rating agency.

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

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

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

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

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

(14) REVENUES. When used with respect to the authority, any receipts, fees, income, or other payments received or to be received by the authority as a result of the authority's activities under this article including, without limitation, receipts and other payments deposited with the authority and investment earnings on its funds and accounts.

(15) STRATEGIC DEVELOPMENT FUND. The Strategic Energy Infrastructure Development Fund established under Section 41-10-48.12.

(16) TRANSMISSION INFRASTRUCTURE. Facilities and systems responsible for transporting electricity from generation sources, including, but not limited to, high-voltage transmission lines, substations, interconnection facilities, and associated equipment

§41-10-48.04

(a) There is created within the authority a division to be known as the Alabama Energy Infrastructure Bank.

(b) In recognition of increasing concerns regarding energy capacity and the resilience of Alabama's energy infrastructure for current and future needs, the corporate purpose of the energy bank is to support the economic growth of the state by identifying and supporting energy infrastructure projects for eligible projects in Alabama.

(c) The energy bank will accomplish these goals through the utilization of bond financing and other financial assistance for energy infrastructure projects.

(d) The energy bank will utilize existing and future revenue sources in order to create the necessary funding streams to secure bond financing and other financial assistance that will allow the state to enhance and expand its energy infrastructure.

(e) Through the energy bank, the authority may act as a state energy financing institution as that term is defined 42 U.S.C. § 16511(7)(A), or any successor statute, for purposes of obtaining federal support for Alabama energy infrastructure projects.

(f) The Alabama Energy Infrastructure Fund is created in the State Treasury. All proceeds from the revenues designated to the energy fund, pursuant to this act and any other provision of law, shall be deposited into the energy fund to be expended only as provided in this act.

§41-10-48.05

In addition to the powers granted to it in Section 41-10-26, Sections 41-10-37 through 41-10-43, Sections 41-10-44.1 through 41-10-44.15, and Sections 41-10-47.01

through 41-10-47.09, with respect to the energy bank and the energy fund, the authority shall have the following additional powers to:

(1) Make loans or provide other financial assistance to electric providers to finance or reduce the costs of eligible projects, to collect fees and charges related to such loans or other financial assistance, and to acquire, hold, and sell loan obligations at prices and in a manner as the authority determines advisable.

(2) Enter into contracts, arrangements, and agreements with electric providers and other persons and execute and deliver all financing agreements and other instruments necessary or convenient to the exercise of the powers granted in this article.

(3) Enter into agreements with a department, agency, or instrumentality of the United States of America or of this state or another state for the purpose of planning, securing, and providing for the financing of eligible projects.

(4) Enter into contracts, arrangements, or agreements with external experts for the purpose of providing advice regarding the operations of the bank and viability of the fund, as well as the necessity of project applications from the bank and the strategic development fund.

(5) Procure insurance, guarantees, letters of credit, and other forms of collateral or security or credit support from any public entity, including any department, agency, or instrumentality of the United States of America or this state, for the payment of any bonds issued by it, including the power

to pay premiums or fees on any insurance, guarantees, letters of credit, and other forms of collateral or security or credit support.

(6) Collect or authorize the trustee under any trust indenture securing any bonds to collect amounts due under any loan obligations owned by it, including taking the action required to obtain payment of any sums in default.

(7) Unless restricted under any agreement with holders of bonds, consent to any modification with respect to the rate of interest, time, and payment of any installment of principal or interest, or premium, if any, or any other term of any loan obligations owned by it or held by the applicable indenture trustee.

(8) Borrow money through the issuance of bonds and other forms of indebtedness as provided in this article, and to secure the repayment of the same as provided in this article including by pledging or granting of a security interest.

(9) Expend funds credited to the authority resulting from its operations of the energy bank as the authority may determine as being necessary or desirable for the costs of administering the operations of the energy bank.

(10) Procure insurance against losses in connection with its property, assets, or activities including insurance against liability for its acts or the acts of its employees or agents or to establish cash reserves to enable it to act as a self-insurer against any and all such losses.

(11) Apply for, receive, and accept from any source,

aid, grants, and contributions of money, property, labor, or other things of value to be used to carry out the purposes of this article subject to the conditions upon which the aid, grants, or contributions are made.

(12) Do all other things necessary or convenient to carry out the purposes and powers conferred by this act.

§41-10-48.06

(a) In considering applications for eligible projects, the authority may request additional input from external experts as to the urgency of the energy infrastructure project, the ability of the applicant to execute the project within the stated time frame, and other assistance as determined by the authority.

(b) The total aggregate amount of loans or other financial assistance provided by the bank in any year shall be limited to an amount that would not jeopardize the viability of the fund, as determined by the authority with the advice of external experts.

(c) In selecting eligible projects, the authority shall consider, with assistance from external experts, project feasibility and the degree of financial risk to be assumed by the authority.

(d) The authority shall ensure that no electric provider receives more than 50 percent of the loan or financial assistance funds provided by the bank in each calendar year.

(e) Any nonpublic or proprietary information included in an application by an economic development prospect or electric provider shall be subject to the Department of Commerce's protections for such information, provided in Section 41-29-3.

§41-10-48.07

(a)(1) An electric provider (or more than one electric providers in a joint application) may apply to the authority for the purposes of obtaining financial assistance to support an eligible project. An application under this subsection shall include the following:

a. A detailed summary of the proposed energy infrastructure project, including location, scope, timeline, and total estimated cost.

b. Identification of the energy infrastructure project to be funded.

c. Anticipated job creation, business attraction, or commercial or industrial expansion to be facilitated by the energy infrastructure project as applicable.

d. Projected load demand and anticipated capacity increases.

(2) An application under this subsection for more than one electric provider shall also include:

a. Identification of all participating electric providers and designation of a lead applicant responsible for administration of funds; and

b. Explanation of how participating electric providers will collaborate on energy infrastructure project implementation.

(3) During the term that the financial assistance is

being provided under this subsection, the electric provider shall submit an annual report to the authority detailing the progress of the approved eligible project and the use of the financial assistance provided to the electric provider.

(b)(1) An electric provider and an economic development prospect may submit a joint application for a long-lead item or energy infrastructure project if the provision of financial assistance from the energy bank will facilitate an eligible project for a new or expanding industrial or commercial facility within the state.

(2) A joint application under this subsection must include:

a. A statement from the electric provider detailing the infrastructure improvements necessary to meet the eligible prospect's energy requirements; and

b. An assessment of economic impact, including projected job creation, capital investment, and state and local sales and property tax revenues generated from the eligible project.

(3) During the term that the financial assistance is being provided under this subsection, the economic development prospect and the electric provider shall submit an annual report to the authority detailing the progress of the approved eligible project and the use of the financial assistance provided.

(4) If the economic development prospect withdraws, fails to commence operations, or materially alters its energy needs, the authority may enforce a contractual obligation

against the economic development prospect for the authority's provision of financial assistance.

§41-10-48.08

(a) The authority may use the following sources to capitalize the energy fund and to carry out its purposes of this section:

(1) Tobacco settlement funds from the Alabama 21st Century Fund.

(2) Federal funds made available to the state for the energy bank or for eligible projects.

(3) Contributions and donations from public and private entities and any other source as may become available to the authority, including, but not limited to, appropriations from the Legislature.

(4) All monies paid or credited to the authority, by contract or otherwise, payments of principal and interest on loans or other financial assistance made from the authority, and interest earnings which may accrue from the investment or reinvestment of the authority's monies.

(5) Proceeds from the issuance of bonds as provided in this article.

(6) Other lawful sources as determined appropriate by the authority.

(b) Any pledge of the revenues and amounts described in subsection (a) to provide funds for payment of debt service on bonds issued by the authority or to pay obligations of the authority with respect to other financial assistance shall continue until the bonds have been fully repaid or the authority's obligations with respect to the other financial assistance have terminated, unless the trust indenture, financing agreement, or other related instrument providing for the pledge expressly provides that the pledge may be terminated earlier or otherwise limited by the authority.

§41-10-48.09

(a) Whenever the authority determines that it shall become necessary that monies be raised for eligible projects, including monies to be used to refund any bonds then outstanding, the authority may issue bonds as provided in this article.

(b) The authority may pledge any of its revenue or funds to the payment of its bonds, subject to any prior pledges for other outstanding bonds or other financial assistance of the energy bank. Bonds may be secured by a pledge of any loan obligation owned by the authority or held by an indenture trustee, any grant, contribution, or guaranty from the United States of America, the state, or any corporation, association, institution, or person, any other financial assistance provided by the authority, any bond insurance, guarantees, letters of credit, or other forms of credit enhancement purchased or otherwise obtained by the authority from any public or private entity, any other property or assets of the authority, or a pledge of or grant of security interest in any money, income, or revenue of the authority from any source.

(c) Notwithstanding any provision of law to the contrary, the total aggregate principal amount of bonds issued by the authority under this article shall not exceed one billion dollars ($1,000,000,000). This debt limitation shall apply solely to bonds issued for eligible project financing purposes under this article and shall not be construed to limit any other bonding authority granted to the authority under separate provisions of law.

§41-10-48.10

Bonds or other financial assistance issued by the authority shall not constitute an obligation or debt of this state, or any of its political subdivisions, but shall be limited obligations of the authority payable solely from the revenue, money, or property of the authority pledged for such purpose as provided in this article. Any bonds issued or other financial assistance of the authority do not constitute an indebtedness of the state or any of its political subdivisions within the meaning of any constitutional or statutory limitation, and neither the full faith and credit nor the taxing power of the state, or any of its political subdivisions, is pledged to the payment thereof. No member of the authority or any person executing bonds, other financial assistance, or other obligations of the authority is liable personally thereon by reason of their issuance or execution. Each bond, other financial assistance, and other obligation issued under this article shall contain on its face a statement to the effect of the following:

(1) The instrument is not a general obligation of the authority but is a limited obligation of the authority payable solely from the revenue, money, or property of the authority

pledged.

(2) The instrument is not an obligation or debt of the state, or any of its political subdivisions, and neither the full faith and credit nor the taxing power of the state, or any of its political subdivisions, is pledged to the payment of the instrument.

(3) The authority does not have taxing power.

§41-10-48.11

(a)(1) The bonds of the authority must be authorized by a resolution of the authority.

(2) The bonds shall bear the date and mature at the time which the resolution provides, except that no bond may mature more than 40 years from its date of issue.

(3) The bonds may be in the denominations, be executed in the manner, be payable in the medium of payment, be payable at the place and at the time, and be subject to redemption or repurchase and contain other provisions determined by the authority prior to their issuance.

(4) The bonds may bear interest payable at a time and at a rate as determined by the authority.

(5) Bonds may be sold by the authority at public or private sale at the price it determines and approves.

(b)(1) Bonds may be secured by a trust indenture between the authority and a corporate trustee, which may be the State Treasurer or any bank having trust powers or any trust company doing business in this state. A trust indenture may contain provisions for protecting and enforcing the rights and remedies of the bondholders which are reasonable and proper, including covenants setting forth the duties of the authority in relation to the exercise of its powers and the custody, safekeeping, and application of its money. The authority may provide by the trust indenture for the payment of the proceeds of the bonds and all or any part of the revenues of the authority to the trustee under the trust indenture or to some other depository, and for the method of its disbursement with safeguards and restrictions prescribed by it. All expenses incurred in performing the obligations of the authority under the trust indenture may be treated as part of its operating expenses.

(2) Any resolution or trust indenture pursuant to which bonds are issued may contain provisions which are part of the contract with the bondholders of the bonds and which include the following:

a. Pledging specific revenues of the authority to secure the payment of the bonds.

b. Pledging specific assets of the authority, including loan obligations owned by it to secure the payment of the bonds.

c. The use and disposition of the gross income from, and payment of the principal of, and interest on loan obligations owned by the authority or held by an indenture trustee.

d. The establishment of reserves, sinking funds, and other funds and accounts, and their regulation and disposition.

e. Limitations on the purposes to which the proceeds from the sale of the bonds may be applied, and limitations on pledging the proceeds to secure the payment of the bonds.

f. Limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding or other bonds.

g. The procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds, if any, the holders of which must consent to, and the manner in which any consent may be given.

h. Limitations on the amount of money to be expended by the authority for its operating expenses.

i. Vesting in a trustee property, rights, powers, and duties as the authority may determine, limiting or abrogating the right of bondholders to appoint a trustee, and limiting the rights, powers, and duties of the trustee.

j. Defining the acts or omissions which constitute a default, the obligations or duties of the authority to the holders of the bonds, and the rights and remedies of the holders of the bonds in the event of default, including as a matter of right the appointment of a receiver, and all other rights generally available to creditors.

k. Requiring the authority or the trustee under the trust indenture to take any and all other action to obtain payment of all sums required to eliminate any default as to any principal of and interest on loan obligations owned by the authority or held by a trustee, which may be authorized by the laws of this state.

l. Any other matter relating to the terms of the bonds or the security or protection of the holders of the bonds which may be considered appropriate.

(c)(1) Any pledge made by the authority to secure its obligations with respect to bonds or other financial assistance is valid and binding from the time the pledge is made. The revenue, money, or property pledged and received by the authority is immediately subject to the lien of the pledge without any physical delivery or further act. The lien of any pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the authority, irrespective of whether the parties have notice of the pledge.

(2) No recording or filing of the resolution authorizing the issuance of bonds or other financial assistance, the trust indenture or other financing agreement securing the bonds or other financial assistance, or any other instrument including filings under the Uniform Commercial Code is necessary to create or perfect any pledge or security interest granted by the authority to secure any bonds or other financial assistance.

(d) The authority, subject to agreements with bondholders as may then exist, may purchase outstanding bonds of the authority with any available funds, at any reasonable price. If the bonds are then redeemable, the price shall not exceed the redemption price then applicable plus accrued interest to the next interest payment date.

(e) Bonds of the authority shall be in a form and shall be executed in a manner prescribed by the authority.

(f) If any of the directors or officers of the authority cease to be directors or officers before the delivery of any bonds signed by them, their signatures or authorized facsimile signatures are nevertheless valid and sufficient for all purposes as if they had remained in office until the delivery of the bonds.

(g) Subsequent amendments to this article may not limit the rights vested in the authority with respect to any agreements made with, or remedies available to, the holders of bonds issued under this article before the enactment of the amendments until the bonds, with all premiums and interest on them, and all costs and expenses in connection with any proceeding by or on behalf of the holders, are fully satisfied and discharged.

(h) Notwithstanding the exemptions provided in Sections 41-10-28 and 41-10-44.13, any bonds issued by the authority under this article, the transfer of bonds, and the income from them, are free from taxation and assessment of every kind by the state and by the local governments and other political subdivisions of the state.

(i)(1) The bonds issued by the authority are legal investments in which all public officers or public bodies of the state and its political subdivisions; all municipalities and political subdivisions; all insurance companies and associations and other persons carrying on insurance business; all banks, bankers, banking associations, trust companies, savings banks, savings associations, including savings and loan association investment companies, and other persons carrying on a banking business; all administrators, guardians, executors, trustees, and other fiduciaries; and all other persons who are now or may be authorized in the future to invest in bonds or other obligations of the state, may invest funds in their control or belonging to them.

(2) The bonds of the authority are also securities which may be deposited with and received by all public officers and bodies of the state or any agency or political subdivision of the state and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the state is now or may later be required by law.

(j)(1) The granting of other financial assistance by the authority shall be authorized by a resolution of the authority.

(2) The authority may execute instruments and enter into financing agreements, including, without limitation, a trust indenture between the authority and a corporate trustee, which may be the State Treasurer or any bank having trust powers or any trust company doing business in this state, containing the terms and conditions as the authority shall determine in connection with the provision of other financial assistance and securing its obligations with respect to other financial assistance.

(3) The authority may pledge any of its revenues or funds to the payment of other financial assistance provided by the authority, subject to any prior pledges for outstanding bonds or other financial assistance of the authority. Other

financial assistance may be secured by a pledge of any loan obligation owned by the authority or held by an indenture trustee, any grant, contribution, or guaranty from the United States of America, the state, or any corporation, association, institution, or person, any other property or assets of the authority, or a pledge or grant of a security interest in or any money, income, or revenue of the authority from any source.

(k) Neither the authority, nor any member, officer, employee, or committee of the authority acting on behalf of it, while acting within the scope of authority granted by this article, is subject to any liability resulting from carrying out any of the powers given in this article, unless the officer or employee acted in a reckless manner.

§41-10-48.12

(a) For the benefit of the state and the residents of the state, there is created in the State Treasury an irrevocable fund named the Strategic Energy Infrastructure Development Fund.

(b) The strategic development fund shall be under the management and control of the authority, and all powers necessary or appropriate for the management and control of the strategic development fund shall be vested solely in the authority. The authority may make whatever representations and covenants it finds reasonable or necessary for federal grant applications and agreements, and it may take whatever actions it deems reasonable or necessary to implement such grants.

(c) The strategic development fund shall be funded initially with an appropriation of fifty million dollars ($50,000,000) from the Alabama 21st Century Fund, with additional funding sources including:

(1) Revenue sources as directed by, and at the discretion of, the Legislature;

(2) Appropriations as directed by, and at the discretion of, the Legislature;

(3) Federal grants and other financing which the authority determines will have the effect of advancing economic development in Alabama;

(4) Proceeds of any gifts, grants, or contributions; and/or

(5) Any other lawful sources.

(d) The strategic development fund shall be administered in accordance with this section. All revenues received by the strategic development fund shall be deposited in the fund upon receipt and may be invested by the authority and withdrawn and expended by the authority in a manner consistent with the powers granted to the authority.

(e) Funding shall be provided to projects in accordance with Section 41-10-48.12.1 in the form of financial assistance or grants.

§41-10-48.12.1

(a)(1) An electric provider and an economic development prospect may submit a joint application for funding from the strategic development fund if the provision of funding from the strategic development fund will facilitate a strategic development project for a new or expanding industrial or commercial facility within the state.

(2) A joint application under this subsection must include:

a. A statement from the electric provider detailing the infrastructure improvements necessary to meet the prospect's energy requirements; and

b. An assessment of economic impact, including projected job creation, capital investment, and state and local sales and property tax revenues generated from the strategic development project.

(3) During the term that the funding is being provided under this subsection, the economic development prospect and the electric provider shall submit an annual report to the authority detailing the progress of the approved strategic development project and the use of the financial assistance provided.

(4) If the economic development prospect withdraws, fails to commence operations, or materially alters its energy needs, the authority may enforce a contractual obligation against the economic development prospect for the authority's provision of funding.

(b) The strategic development fund shall be used for the following purposes only:

(1) For the authority to enter into priority production placement agreements with key manufacturers of long lead-time electrical equipment, including, but not limited to, transformers, high-voltage switchgear, and specialized circuit breakers for an economic development prospect being recruited

to or expanding in the state.

(2) Notwithstanding subsection (c), to provide funding for site-specific infrastructure development, including, but not limited to, the extension of transmission lines and pipelines; enhancements or expansions to substation capacity; and the acquisition of rights-of-way for key transmission and pipeline infrastructure located near key industrial or commercial sites, as identified by the authority for development.

(c) An electric provider shall not be eligible to be a direct recipient of funding from the strategic development fund.

(d) Any nonpublic or proprietary information included in an application by an economic development prospect or electric provider shall be subject to the Department of Commerce's protections for such information, provided in Section 41-29-3.

§41-10-48.13

(a) Following the close of each state fiscal year, the authority shall submit an annual report on the activities of the energy bank and use of the strategic development fund for the preceding year to the Governor and to the Legislature. The authority also shall submit an annual report to the appropriate federal agency in accordance with requirements of any federal program.

(b) The authority shall be subject only to audits as required by existing state law and applicable federal regulations.

§41-10-48.14

The authority may enter into such contracts, agreements, and investments and may otherwise expend monies without compliance with Chapter 2 of Title 39, Article 5, Chapter 4 of Title 41, or Chapter 16 of Title 41.

§41-10-48.15

(a) This article, being for the welfare of this state and its inhabitants, shall be liberally construed to affect the purposes specified.

(b) In no event does this article authorize any electric provider to provide retail electric service outside of its electric service territory as determined under the applicable provisions of Chapter 14 of Title 37. Nothing in this article is intended to amend, repeal, enlarge, or otherwise affect Chapter 14 of Title 37.

Section 2. This act shall become effective on October 1, 2025.