

1 SB158
2 136266-1
3 By Senators Ross, Singleton, Fielding, Irons and Beasley
4 (Constitutional Amendment)
5 RFD: Finance and Taxation General Fund
6 First Read: 07-FEB-12

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8 SYNOPSIS: This bill would propose an amendment to the
9 Constitution of Alabama of 1901, to create a Small
10 Business and Job Creation Fund for the purpose of
11 providing a statewide availability of funds for
12 lending purposes to businesses forming new business
13 entities. This bill would provide for the transfer
14 of \$50 million each year for three years from the
15 Alabama Trust Fund to the Small Business and Job
16 Creation Fund and would provide for administration
17 of small business loans from the fund by the
18 Alabama Development Office. This bill would also
19 provide for further implementation and
20 administration of loans from the Small Business and
21 Job Creation Fund upon further act of the
22 Legislature.

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

1 To propose an amendment to the Constitution of
2 Alabama of 1901, to establish a Small Business and Job
3 Creation Fund, to provide for the transfer of funds from the
4 Alabama Trust Fund; to provide for administration of loans
5 from the fund by the Alabama Development Office; and to
6 provide for further administration and implementation of the
7 loans by further act of the Legislature.

8 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

9 Section 1. The following amendment to the
10 Constitution of Alabama of 1901, as amended, is proposed and
11 shall become valid as a part thereof when approved by a
12 majority of the qualified electors voting thereon and in
13 accordance with Sections 284, 285, and 287 of the Constitution
14 of Alabama of 1901, as amended:

15 PROPOSED AMENDMENT

16 (a) The Small Business and Job Creation Fund is
17 created. The fund shall be administered by the Alabama
18 Development Office for the purpose of providing a statewide
19 availability of funds for lending purposes to businesses
20 forming new enterprises that will inject needed capital into
21 the business community in order to create or preserve jobs in
22 this state.

23 (b) (1) Beginning with the fiscal year beginning
24 October 1, 2012, and continuing through the fiscal year ending
25 September 30, 2015, the amount of fifty million dollars
26 (\$50,000,000) shall be transferred from the Alabama Trust Fund

1 to the Small Business and Job Creation Fund in each fiscal
2 year, subject to the limitations in subsection (c).

3 (2) As loans from the fund are paid by a business
4 entity, the funds shall be deposited into the Alabama Trust
5 Fund.

6 (c) A transfer under subsection (b) may not be made
7 in any year to the extent the transfer would cause the total
8 capital of the Alabama Trust Fund as of the end of the
9 previous fiscal year to fall below two billion dollars
10 (\$2,000,000,000) or in any year following a year in which the
11 state reaches five percent or less unemployment as determined
12 by the Alabama Department of Industrial Relations. For the
13 purposes of this amendment, total capital shall not include
14 any amount that has been withdrawn from either the Education
15 Trust Fund Rainy Day Account or the State General Fund Rainy
16 Day Account and that has not been repaid to either account as
17 of the end of the applicable fiscal year. In the event an
18 amount less than fifty million dollars (\$50,000,000) is
19 transferred in any fiscal year pursuant to this amendment, the
20 amount not transferred due to this limitation may be
21 transferred in a subsequent fiscal year. The aggregate amount
22 of loans from the fund each year may not exceed the amount
23 transferred each year to the fund under subsection (b).

24 (d) Each business loan made by the Alabama
25 Development Office using funds from the Small Business and Job
26 Creation Fund shall satisfy all of the following:

1 (1) Be issued only for the purpose of assisting
2 business applicants with initial costs associated with the
3 creation of new business entities.

4 (2) Be limited to no more than twenty-five thousand
5 dollars (\$25,000) for businesses creating five to 10 jobs, and
6 one hundred thousand dollars (\$100,000) for businesses
7 creating 11 jobs or more.

8 (3) Include interest on the loan matched to the
9 industry standard for business loans, unless made higher or
10 lower by further act of the Legislature.

11 (e) Any business awarded a loan under this act shall
12 undergo annual audits to provide verification that it has
13 maintained the employment requirements for the loan. The
14 audits shall be conducted by the Alabama Development Office,
15 and shall be required annually until the loan is paid in full.

16 (f) The Legislature may provide by further act for
17 the administration and implementation of loans made from the
18 Small Business and Job Creation Fund.

19 Section 2. An election upon the proposed amendment
20 shall be held in accordance with Sections 284 and 285 of the
21 Constitution of Alabama of 1901, now appearing as Sections 284
22 and 285 of the Official Recompilation of the Constitution of
23 Alabama of 1901, as amended, and the election laws of this
24 state.

25 Section 3. The appropriate election official shall
26 assign a ballot number for the proposed constitutional
27 amendment on the election ballot and shall set forth the

1 following description of the substance or subject matter of
2 the proposed constitutional amendment:

3 "Proposing an amendment to the Constitution of
4 Alabama of 1901, as amended, relating to the Alabama Trust
5 Fund, to create the Small Business and Job Creation Fund, to
6 provide for the transfer of funds in the Alabama Trust Fund to
7 the Small Business and Job Creation Fund, and to appropriate
8 the fund for economic development purposes.

9 "Proposed by Act _____."

10 This description shall be followed by the following
11 language:

12 "Yes () No ()."