HB36

178837-3

By Representative Clouse

RFD: Ways and Means General Fund

First Read: 15-AUG-16

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SYNOPSIS: This bill would authorize the creation of the Alabama Economic Settlement Authority. This bill would authorize the Authority to issue bonds payable from revenues received from the settlement of certain claims of the State against BP Petroleum and Exploration, Inc. and would provide for the terms of the bonds and their sale. The bill would provide for the distribution of the proceeds of the bonds to make deposits in the Alabama Trust Fund and the General Fund Rainy Day Account and to pay the cost of certain transportation projects of the State. This bill would also create a special fund entitled the "BP Settlement Fund" into which revenues from the settlement of economic damages claims against BP Petroleum and Exploration, Inc. would be deposited, and would pledge and appropriate such revenues for the payment of the authority's bonds.

This bill would also provide further for and express legislative intent regarding previously enacted appropriations for debt payments and would modify the repayment schedule for remaining amounts owed to the Alabama Trust Fund pursuant to the People's Trust Act.

A BILL

TO BE ENTITLED

AN ACT

To authorize the creation of a new public corporation of the State of Alabama to be known as the "Alabama Economic Settlement Authority"; to make Legislative findings; to provide procedures for incorporating the authority; to provide for the members, officers and directors of the authority; to provide for the powers of the authority; to authorize the issuance of bonds by the authority and to provide for the source of payment of, and security for, the bonds; to provide for the form, sale and execution of the bonds; to provide for the disposition of the proceeds of the bonds, including deposits in the Alabama Trust Fund and the General Fund Rainy Day Account of the Alabama Trust Fund and the payment of costs of certain transportation projects; to create a special fund to be known as the "BP Settlement Fund" and to provide for deposits into and withdrawals from the fund; to appropriate and pledge certain revenues to be received by the State from the settlement of claims against BP Petroleum Exploration and Production, Inc. as security for the bonds and other uses; to provide a procedure for establishing the validity of the bonds; to provide that the bonds shall be exempt from taxation in the State; to make other provisions related to the sale of the bonds, services to be provided by the Department of Finance and dissolution of the authority when no bonds remain outstanding; to express legislative intent regarding previously enacted debt payments; to amend Section 18 of Act 2015-540 regarding the expenditure of settlement funds in fiscal year 2016; and to amend Section 29-10-1, Code of Alabama 1975, to provide for modifications to the repayment schedule of amounts due to the Alabama Trust Fund pursuant to the People's Trust Act.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Legislative Findings and Purpose.

(a) The Legislature finds and declares the following:

(1) In recent years, withdrawals have been made from the Alabama Trust Fund and the General Fund Rainy Day Account of the Alabama Trust Fund for current budgetary purposes. The Constitution and laws of the State of Alabama require repayment of the withdrawals and the Legislature recognizes the need to restore those funds to their prescribed levels.

(2) It is desirable and in the public interest to establish a public corporation of the State of Alabama with the power to issue bonds for the purpose of making transfers to and deposits in the Alabama Trust Fund and the General Fund Rainy Day Account of the Alabama Trust Fund, and for paying the costs of transportation projects, and to appropriate and pledge a portion of the revenues to be received by the State from the settlement of certain claims against BP Exploration and Production, Inc. (and its corporate affiliates) as the source of payment of the bonds.

(3) By the passage of this act, it is the intention of the Legislature to:

a. Provide for the creation of a special fund known as the "BP Settlement Fund" into which BP settlement revenues (hereinafter defined) will be deposited.

b. Authorize the incorporation of the Alabama Economic Settlement Authority, with the power to issue bonds as provided in this act for the purpose of providing funds to be transferred to and deposited in the Alabama Trust Fund and the General Fund Rainy Day Account of the Alabama Trust Fund, and for paying the costs of certain transportation projects, which bonds shall be payable out of the monies held in the BP Settlement Fund and any other monies and property available to the authority.

c. Appropriate annually the monies held in the BP Settlement Fund for the payment of such bonds.

Section 2. Definitions. When used in this act, the following terms shall have the following meanings, unless the context clearly indicates otherwise:

(1) ALABAMA TRUST FUND. The trust fund of the State created under Amendment 450 to the Constitution of Alabama of 1901, as amended, and appearing as §219.02 of the Official Recompilation of the Constitution of Alabama 1901, as amended.

(2) APPROPRIATED FUNDS. The BP settlement revenues deposited in the special fund to the extent such revenues are appropriated to the authority pursuant to Section 10.

(3) AUTHORITY. The Alabama Economic Settlement Authority authorized to be established pursuant to Section 3.

(4) BONDS. Those bonds, including refunding bonds, issued pursuant to this act.

(5) BP SETTLEMENT REVENUES. Revenues received by the state in settlement of economic damages claims of the state against BP Exploration and Production, Inc. (and any of its corporate affiliates) arising out of the Deepwater Horizon oil spill in the Gulf of Mexico. BP settlement revenues do not include amounts received by the state from or through natural resource damage assessment claims, the federal RESTORE Act, or claims otherwise restricted by federal law or court order.

(6) GOVERNMENT SECURITIES. Any bonds or other obligations, the principal of and interest on which constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any

federal agency to the extent such obligations are unconditionally guaranteed by the United States of America and any certificates or any other evidences of an ownership interest in such obligations of, or unconditionally guaranteed by, the United States of America or in specified portions thereof, which may consist of the principal thereof or the interest thereon.

(7) PERMITTED INVESTMENTS. (i) Government Securities; (ii) bonds, debentures, notes, or other evidences of indebtedness issued by any of the following agencies: Bank for Cooperatives; federal intermediate credit banks; Federal Financing Bank; federal home loan banks; Federal Farm Credit Bank; Export-Import Bank of the United States; federal land banks; or Farmers Home Administration or any other agency or corporation which has been or may hereafter be created by or pursuant to an act of the Congress of the United States as an agency or instrumentality thereof; (iii) bonds, notes, pass through securities or other evidences of indebtedness of the Government National Mortgage Association and participation certificates of the Federal Home Loan Mortgage Corporation; (iv) full faith and credit obligations of any state, provided that at the time of purchase such obligations are rated at least "AA" by Standard & Poor's Ratings Group and at least "Aa" by Moody's Investors Service; (v) public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by contracts

with the United States of America, or temporary notes, preliminary notes, or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by contracts with the United States of America, or temporary notes, preliminary notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America; (vi) time deposits evidenced by certificates of deposit issued by banks or savings and loan associations which are members of the Federal Deposit Insurance Corporation, provided that, to the extent such time deposits are not covered by federal deposit insurance, such time deposits (including interest thereon) are fully secured by a pledge of obligations described in items (i), (ii), (iii), and (v) above, which at all times have a market value not less than the amount of such bank time deposits required to be so secured and which meet the greater of 100 percent collateralization or the "AA" collateral levels established by Standard & Poor's Ratings Group for structured financings; (vii) repurchase agreements for obligations of the type specified in items (i), (ii), (iii), and (v) above, provided such repurchase agreements are fully collateralized and secured by such obligations which have a market value at least equal to the purchase price of such repurchase agreements which are held by a depository satisfactory to the

State Treasurer in such manner as may be required to provide a perfected security interest in such obligations, and which meet the greater of 100 percent collateralization or the "AA" collateral levels established by Standard & Poor's Ratings Group for structured financings; and (viii) uncollateralized investment agreements with, or certificates of deposit issued by, banks or bank holding companies, the senior long-term securities of which are rated at least "AA" by Standard & Poor's Ratings Group and at least "Aa" by Moody's Investors Service.

(8) RAINY DAY ACCOUNT. The General Fund Rainy Day Account of the Alabama Trust Fund created by Amendment 803 to the Constitution of Alabama 1901, as amended, and appearing as §260.02 of the Official Recompilation of the Constitution of Alabama 1901, as amended.

(9) REFUNDING BONDS. Those refunding bonds issued pursuant to this act.

(10) SPECIAL FUND. The BP Settlement Fund established pursuant to Section 9.

(11) STATE. The State of Alabama.

(12) TRANSPORTATION PROJECTS. Any undertaking to construction a particular portion of a highway located in the Alabama Department of Transportation Districts 91 and 92 of the Southwest Region, including without limitation any bridges necessary for the highway.

Section 3. Incorporation of Authority Authorized; Application; Filing.

(a) To become a public corporation and instrumentality of the state with the powers herein provided, the Governor, the State Treasurer, the Speaker of the House of Representatives, the President Pro Tempore of the Senate and the Finance Director shall present to the Secretary of State of Alabama an application signed by them which shall set forth all of the following:

(1) The name, official designation, and official residence of each of the applicants, together with a certified copy of the commission evidencing each applicant's right to office.

(2) The date on which each applicant was inducted into office and the term of office of each applicant.

(3) The name of the proposed public corporation, which shall be "Alabama Economic Settlement Authority."

(4) The location of the principal office of the proposed corporation, which shall be in the City of Montgomery.

(5) Any other matter relating to the authority that the applicants may choose to insert and that is not inconsistent with this division or the laws of the state.

(b) The application shall be subscribed and sworn to by each of the applicants before an officer authorized by the laws of the state to take acknowledgments to deeds. The

Secretary of State shall examine the application and, if he or she finds that it substantially complies with the requirements of this section, it shall be filed and recorded in an appropriate book of records in the office of the Secretary of State.

(c) When the application has been made, filed, and recorded as provided in subsection (b), the applicants shall constitute a corporation under the name stated in the application, and the Secretary of State shall make and issue to the applicants a certificate of incorporation pursuant to this act, under the Great Seal of the State, and shall record the certificate with the application. There shall be no fees paid to the Secretary of State in connection with the incorporation or dissolution of the authority.

Section 4. Members, Officers and Directors. The applicants named in the application and their respective successors in office shall constitute the members of the authority. The president, vice president, and secretary of the authority shall be elected by the members and shall serve for the terms and conditions as the members may establish. The State Treasurer shall act as custodian of the authority's funds, and shall pay, out of appropriated funds and any other monies and property available to the authority, all debt service related to bonds of the authority and any other amounts required by this act to be paid out of the BP Settlement Fund. The members of the authority shall constitute all of the directors of the authority, and any four directors shall constitute a quorum for the transaction of business. Should any person holding any state office named in this section cease to hold the office by reason of death, resignation, expiration of the term of office, or for any other reason, then his or her successor in office shall take the place as an officer and member of the directors of the authority. No officer or director of the authority shall receive any salary in addition to that now authorized by law for any service rendered or for any duty performed in connection with the authority. All proceedings had and done by the directors shall be reduced to writing by the secretary of the authority, shall be signed by the president and vice president and at least one other director present at the proceedings, and shall be recorded in a substantially bound book and filed in the office of the Secretary of State. Copies of the proceedings, when certified by the secretary of the authority, under the seal of the authority, shall be received in all courts as prima facie evidence of the matters and things therein certified.

Section 5. Powers of the Authority. The authority shall have, in addition to all other powers granted to it in this act, all of the following powers:

(1) To have succession by its corporate name until dissolved as herein provided.

(2) To institute and defend legal proceedings in any court of competent jurisdiction and proper venue; provided, however, that the authority may not be sued in any nisi prius court other than the courts of the county in which is located the principal office of the authority; and provided further that the officers, directors, agents, and employees of the authority may not be sued for actions on behalf of the authority in any nisi prius court other than the courts of the county in which is located the principal office of the authority.

(3) To have and to use a corporate seal and to alter the seal at pleasure.

(4) To establish a fiscal year.

(5) To adopt, and from time to time, amend and repeal, bylaws, rules, and regulations not inconsistent with this act, to carry out and to effect the powers and purposes of the authority in the conduct of its business.

(6) To sell and issue bonds as provided in this act for the purpose of providing funds to be transferred to and deposited in the Alabama Trust Fund and the Rainy Day Account, or to pay the costs of transportation projects.

(7) To sell and issue refunding bonds, subject to the terms and conditions of this act.

(8) To receive and deposit the BP settlement revenues into the special fund, to invest such BP settlement revenues in the manner provided in this act, to apply such

revenues to payment of bonds issued by the authority in the manner provided in this act, and to other authorized uses, and to cause the net proceeds from the sale of the bonds of the authority to be transferred to and deposited in the Alabama Trust Fund and the Rainy Day Account, and to be used to pay the costs of transportation projects.

(9) To execute and deliver mortgages, security agreements and trust indentures, and other forms of agreements for the purpose of securing the authority's bonds and in connection therewith, to mortgage, pledge, or assign the appropriated funds and other monies and property available to the authority.

(10) As security for the payment of the authority's bonds, to pledge the appropriated funds and any other monies and property available to the authority.

(11) To arrange for various forms of security or credit enhancement for the authority's bonds, including letters of credit, guaranties, policies of insurance, surety bonds, and similar instruments.

(12) To accept gifts, grants, loans, appropriations, and other forms of aid from the federal government, the state or any state agency, or any political subdivision of the state, or any person, corporation, foundation, or legal entity, and to agree to and comply with any conditions attached to federal and state financial assistance not inconsistent with this act.

(13) To establish accounts in one or more depositories.

(14) To appoint, employ, contract with, and provide for the compensation of employees and agents, including engineers, attorneys, contractors, consultants, accountants, fiscal advisors, trustees, paying agents, investment bankers, and underwriters as the directors deem necessary or desirable for the conduct of the business of the authority.

(15) To make, enter into, and execute financing agreements and other contracts, agreements, or other instruments, and to take other actions as may be necessary or convenient to accomplish any purpose for which the authority was organized or to exercise any power granted to it.

(16) To sell, exchange, and convey any or all real or personal property belonging to the authority whenever its directors shall find any such action to be in furtherance of the purposes for which the authority was organized.

(17) To acquire, hold, and dispose of real and personal property.

(18) To sell, assign or otherwise convey to another person or entity, for such consideration as the directors of the authority shall determine, the authority's right to receive and collect the appropriated revenues or any portion thereof that have not been previously pledged as security for the bonds, and to use the proceeds from such sale, assignment

or other conveyance for deposits into the Alabama Trust Fund or the Rainy Day Account or for transportation projects.

(19) To exercise any power granted by the laws of the state to public or private corporations that are not in conflict with the public purpose of this act.

(20) To adopt and promulgate administrative regulations necessary or appropriate to effectuate its purposes and to administer the programs herein authorized.

Section 6. Bonds of the Authority.

(a) General. The authority is authorized from time to time to sell and issue its bonds for the purpose of providing funds to be transferred to and deposited in the Alabama Trust Fund and the Rainy Day Account, for paying the costs of transportation projects, and for the purpose of refunding any or all of the authority's outstanding bonds.

(b) Sources of payment. Bonds issued by the authority shall be solely and exclusively an obligation of the authority and shall not create an obligation or debt of the state. Such bonds shall not be general obligations of the authority but shall be payable solely from one or more of the following sources:

(1) Appropriated funds.

(2) The income or proceeds realized by the authority under any mortgage or security granted to the authority.

(3) Amounts derived from any letter of credit, insurance policy, or other form of credit enhancement applicable to the bonds.

(4) Any reserve or other fund established for such purpose by the authority.

(5) Any earnings on the proceeds of bonds invested by the authority pending their disbursement.

(6) Any other revenues that may hereafter be available to the authority.

Unless otherwise provided in the resolution of the directors of the authority authorizing the issuance of the bonds, all pledges of appropriated funds made by the authority shall be on a parity so that all bonds of the authority secured by a pledge of appropriated funds shall be equally and ratably so secured without regard to time of issuance. Bonds issued by the authority shall be construed to be negotiable instruments, although payable solely from a specified source, as provided herein.

(c) Security for the bonds. The principal of and interest on any bonds issued by the authority shall be secured by a pledge of the appropriated funds or other monies and property available to the authority and may be secured by a trust indenture evidencing such pledge or by a foreclosable mortgage and deed of trust conveying as security for such bonds all, or any part, of the authority's property. The resolution under which the bonds are authorized to be issued or any such trust indenture or mortgage may contain any agreements and provisions respecting the rights, duties, and remedies of the parties to any such instrument and the parties for the benefit for whom such instrument is made and the rights and remedies available in the event of default as the authority shall deem advisable and which are not in conflict with the provisions of this act.

(d) General provisions respecting form, sale, and execution of the bonds. All bonds issued by the authority shall be signed by its president or vice president and attested by its secretary and the seal of the authority shall be affixed thereon. A facsimile of the signature of one or both of the officers may be printed or otherwise reproduced on any such bonds in lieu of being manually subscribed thereon and a facsimile of the seal of the authority may be printed or otherwise reproduced on any of the bonds in lieu of being manually affixed thereto. Any bonds of the authority may be executed and delivered by it at any time and from time to time, and shall be in the form and denominations and of such tenor and maturities, shall bear such rate or rates of interest, shall be payable at such times and evidenced in such manner, may be made subject to redemption at the option of the authority at such times and after such notice and on such conditions and at such redemption price or prices, and may contain such other provisions not inconsistent herewith, all as may be provided by the resolution of the directors of the authority under which the bonds are authorized to be issued. Bonds of the authority may be sold, in the discretion of the authority, either (i) at public sale or sales, based on sealed bids received either electronically or on paper, after advertisement as may be prescribed by the authority, to the bidder whose bid reflects the lowest true interest cost to the authority computed to the respective maturities of the bonds sold; provided, however, that if no bid deemed acceptable by the authority is received, all bids may be rejected and the bonds offered again for public sale in accordance with the terms herein prescribed; or (ii) by negotiated sale. Such bonds may be issued in the form of current interest bonds, capital appreciation bonds or convertible capital appreciation bonds and may be issued as serial bonds or term bonds, all as may be directed by the authority.

(e) Other matters. Any bonds of the authority may be used by the holder as security for any funds belonging to the state, or to any political subdivision, instrumentality, or agency of the state, in any instance where security for the deposits may be required by law. Unless otherwise directed by the court having jurisdiction, or the document that is the source of authority, a trustee, executor, administrator, guardian, or one acting in any other fiduciary capacity may, in addition to any other investment powers conferred by law and with the exercise of reasonable business prudence, invest trust funds and bonds of the authority. Bonds of the authority shall be legal investments for funds of the Teachers' Retirement System of Alabama, the Employees' Retirement System of Alabama, and the State Insurance Fund.

Section 7. Refunding Bonds.

(a) Any bonds issued by the authority may from time to time be refunded by the issuance, sale, or exchange of refunding bonds for the purpose of paying the following items:

(1) All or any part of the principal of the bonds to be refunded.

(2) Any redemption premium required to be paid as a condition to the redemption prior to maturity of any such bonds that are to be so redeemed in connection with such refunding.

(3) Any accrued and unpaid interest on the bonds to be refunded.

(4) Any interest to accrue on each bond to be refunded to the date on which it is to be paid, whether at maturity or by redemption prior to maturity.

(5) The expenses incurred in connection with the refunding.

(b) Refunding bonds of the authority may be sold, in the discretion of the authority, either (i) at public sale or sales, based on sealed bids received either electronically or on paper, after advertisement as may be prescribed by the authority, to the bidder whose bid reflects the lowest true interest cost to the authority computed to the respective maturities of the bonds sold; provided, however, that if no bid deemed acceptable by the authority is received, all bids may be rejected and the bonds offered again for public sale in accordance with the terms herein prescribed; or (ii) by negotiated sale, or may be exchanged for the bonds to be refunded. Any such refunding bonds may be executed and delivered by the authority at any time and, from time to time, shall be in such form and denomination or denominations and of such tenor and maturity or maturities, shall contain such provisions not inconsistent with the provisions of this act, and shall bear such rate or rates of interest, payable at such place or places, either within or without the state, and evidenced in such manner, as may be provided by resolution of the authority.

Section 8. Disposition of Proceeds of Bonds.

(a) The authority is authorized and empowered to apply the proceeds of any bonds and any other funds belonging to the authority for any of the following purposes or uses:

(1) For the purposes for which the bonds were authorized to be issued, in the following order:

a. To repay the General Fund Rainy Day Account for the $161,565,874 transferred to the State General Fund in fiscal year 2010 pursuant to Amendment 803 to the Constitution of Alabama of 1901;

b. To repay a total of two hundred and eighty-seven million dollars ($287,000,000) to the Alabama Trust Fund for amounts transferred to the State General Fund in fiscal years 2013, 2014, and 2015 pursuant to Section 4 of Amendment 856 to the Constitution of Alabama of 1901; and

c. Any remaining proceeds to supplement existing allocated revenues or any planned revenues, whether federal, state, or local for transportation projects in the Alabama Department of Transportation Districts 91 and 92 of the Southwest Region.

(2) To fund any reserve fund established in connection with an authorized issue if the authority deems the establishment of such reserve fund to be necessary and desirable.

(3) To pay for the cost of obtaining credit enhancement for the bonds.

(4) To pay capitalized interest on the bonds.

(5) To pay the costs of issuing the bonds.

(6) If refunding bonds are issued pursuant to this act, to pay debt service on, and the redemption price of, any bonds to be refunded.

(b) Pending the application of the proceeds of bonds of the authority to the purpose or purposes for which the bonds were issued, the proceeds and any monies held in funds created as security for the bonds may be invested by the authority in permitted investments, as the authority shall deem advisable.

(c) Any and all revenues, receipts, investment earnings, and other funds paid to, or otherwise coming into the possession of the authority shall be held, deposited, administered, invested, and applied as provided in the resolution of the directors authorizing the issuance of the bonds and as provided in any trust indenture or other agreement delivered in connection therewith, or otherwise as the authority may direct, consistent with the resolution, trust indenture, or other agreement and this act.

Section 9. Creation of Special Fund. For the benefit of the State of Alabama and the citizens thereof, there is hereby created a special fund named the "BP Settlement Fund" which shall be funded with BP settlement revenues and administered in accordance with this act. All BP settlement revenues shall be deposited in the special fund upon receipt and shall be used first to pay principal, interest, and premium, if any, and any other amounts due on or with respect to the bonds of the authority. Any BP settlement revenues determined by the directors of the authority to be in excess of the amounts needed for the payment of all amounts due with respect to the bonds, may be withdrawn from the special fund and used to pay costs and expenses incident to the issuance of the bonds, including costs and expenses incurred by the Department of Finance in the administration of the bonds, may be transferred to and deposited in the Alabama Trust Fund or the General Fund Rainy Day Account, or may be applied to pay the costs of transportation projects.

Pending the use of revenues in the special fund for the payment of debt service on the bonds, such revenues shall be invested by the State Treasurer in permitted investments until such revenues are needed for such purposes. Earnings on such permitted investments shall remain a part of the special fund.

Section 10. Pledge and Appropriation of BP Settlement Revenue to Pay Bonds. There is hereby irrevocably pledged and appropriated such amounts of the BP settlement revenues retained in the special fund, and earnings thereon, as shall be necessary to pay the principal, interest, and premium (if any) on the authority's bonds, to redeem such bonds prior to maturity if called for redemption by the authority, and to pay the principal of, the interest, and premium (if any) on any refunding bonds issued to refund such bonds.

Section 11. Notice - Contested Actions.

(a) Upon the adoption by the directors of any resolution providing for the issuance of bonds, the authority may cause to be published once a week for two consecutive weeks, in newspapers published or having a general circulation in the Cities of Birmingham, Montgomery, Huntsville, and Mobile, a notice in substantially the following form, at the end of which shall be printed the name and title of either the president or the secretary of the authority:

"Alabama Economic Settlement Authority, a public corporation under the laws of the State of Alabama, on the ____ day of ______, authorized the issuance of $_____ principal amount of bonds for purposes authorized in this act. The proceeds from the sale of the bonds are proposed to be used to __________. Any action or proceeding questioning the validity of the bonds, the security thereof, the use of the proceeds thereof, or the proceedings authorizing the bonds, shall be commenced within 30 days after the first publication of this notice."

(b) Any action or proceeding in any court to set aside or question the proceedings for the issuance of the bonds referred to in the notice or to contest the validity of any bonds or the validity of security therefor, or the validity of the proposed use of the proceeds thereof must be commenced within 30 days after the first publication of the notice. After the expiration of the period, no right of action or defense questioning or attacking the foregoing shall be asserted, nor shall the validity of the proceeding, bonds, security, or use of proceeds be open to question in any court on any ground whatsoever except in an action commenced within the period.

Section 12. Tax Exemption. The income and property of the authority, all bonds of the authority and the interest paid on any such bonds, all conveyances by or to the authority, and all instruments by and to the authority shall be exempt from all taxation in the state. The authority shall also be exempt from all license and excise taxes imposed in respect of the privilege of engaging in any of the activities in which the authority may engage. The authority shall not be obligated to pay or allow any fees, taxes, or costs in the recording of any document to the judge of probate of any county.

Section 13. Notice and Hearing Not Required. Except as may be expressly provided in this act, no proceeding, notice, or approval shall be required for the issuance of any bonds by the authority, the execution of any mortgage and deed of trust, trust indenture, or other document, or the exercise of any other of the powers of the authority.

Section 14. Applicability of Other Laws. Articles 2 and 3 of Chapter 16, Title 41, of the Code of Alabama 1975, and other similar laws shall not apply to the authority, its directors, or any of its officers, agents, or employees in their capacities as such.

Section 15. Dissolution. At any time when no bonds of the authority are outstanding, the authority may be dissolved upon the filing with the Secretary of State of an application for dissolution, which shall be subscribed by each of the directors of the authority and sworn to by each director before an officer authorized to take acknowledgments to deeds. Upon the filing of the application for dissolution, the authority shall cease to exist. The Secretary of State shall file and record the application for dissolution in an appropriate book of record in his or her office, and shall make and issue, under the Great Seal of the State, a certificate that the authority is dissolved, and shall record the certificate with the application for dissolution. Title to all property held in the name of the authority shall be vested in the state upon dissolution of the authority.

Section 16. Diversity. In connection with the sale of its bonds, the authority shall, to the extent practical, utilize businesses and companies that reflect the racial and ethnic diversity of the state.

Section 17. Services Provided by Department of Finance. The authority shall utilize all administrative services which may be provided by the state Department of Finance.

Section 18. Bonds are Legal Investments. Bonds issued by the authority are hereby made a legal investment for savings banks and insurance companies organized under the laws of the state and for trustees, executors, administrators, guardians, persons or organizations acting in a fiduciary capacity, unless otherwise directed by a court having jurisdiction or by a document providing fiduciary authority. Any governmental entity or public corporation is authorized, in its discretion, to invest any available funds in the bonds of the authority.

Section 19. Legislative Intent. It is the intent of the Legislature that payments allocated in Section 8 to the Alabama Trust Fund for the purpose of repaying amounts transferred to the State General Fund pursuant to Section 4 of Amendment 856 to the Constitution of Alabama of 1901 shall be in lieu of the fiscal year 2017 State General Fund appropriation of $20,000,000 to the Alabama Trust Fund Board for the same purpose as provided in Act 2016-116 and that such $20,000,000 be used instead to release a portion of the conditional appropriation to the Medicaid Agency contained in Act 2016-116.

Section 20. Section 18 of Act 2015-540, the General Appropriations Act for fiscal year 2016, is hereby amended as follows:

"Section 18. In addition to all other appropriations, the first $70,000,000 in funds received by the state from any negotiated settlements is appropriated for ~~the following purposes to be expended in amounts recommended by the Director of Finance and approved by the Governor for the following: repayment to the General Fund Rainy Day Account pursuant to Amendment 803 to the Constitution of 1901; repayment to the Alabama Trust Fund of the amount owed pursuant to Section 29-10-1, Code of Alabama 1975; repayment to the Education Trust Fund Budget Stabilization Fund set~~

~~forth in Section 29-9-4, Code of Alabama 1975; up to $3,000,000 to the District Attorney's Administrative Fund;~~ Medicaid ~~Reform; and prison reform and related capital outlay~~."

Section 21. Section 29-10-1, Code of Alabama 1975, is amended to read as follows:

"§29-10-1.

"(a) This section shall be known and may be cited as The People's Trust Act.

"(b)(1) Notwithstanding any other provision of law to the contrary, the Legislature shall provide for the repayment of all funds transferred from the Alabama Trust Fund to the State General Fund pursuant to Amendment 856 to the Constitution of Alabama of 1901. All funds borrowed pursuant to this amendment shall be repaid to the Alabama Trust Fund by not later than September 30, ~~2026~~ 2033.

"(2) The total ~~cumulative~~ annual amount repaid pursuant to this section shall not be less than the following amounts on the following dates:

"a. September 30, 2014: $5,000,000;

"b. September 30, 2015: ~~$15,000,000~~ $10,000,000;

"~~c. September 30, 2016: $30,000,000~~;

"~~d.~~ c. September 30, 2017: ~~$50,000,000~~ $287,000,000;

"~~e. September 30, 2018: $75,000,000~~;

"~~f. September 30, 2019: $105,000,000;~~

"~~g.~~ d. September 30, 2020: ~~$140,000,000~~ $10,000,000;

"~~h.~~ e. September 30, 2021: ~~$180,000,000~~ $10,000,000;

"~~i.~~ f. September 30, 2022: ~~$225,000,000~~ $10,000,000;

"~~j.~~ g. September 30, 2023: ~~$275,000,000~~ $10,000,000;

"~~k.~~ h. September 30, 2024: ~~$330,000,000~~ $10,000,000;

"~~l.~~ i. September 30, 2025: ~~$390,000,000~~ $10,000,000; ~~and~~

"~~m.~~ j. September 30, 2026: ~~$437,390,829.~~ $10,000,000;

"k. September 30, 2027: $10,000,000;

"l. September 30, 2028: $10,000,000;

"m. September 30, 2029: $10,000,000;

"n. September 30, 2030: $10,000,000;

"o. September 30, 2031: $10,000,000;

"p. September 30, 2032; $10,000,000; and

"q. September 30, 2033; $5,390,829.

"(c) Beginning with the 2015 Regular Session and continuing every regular session thereafter until all funds are repaid, the Legislative Fiscal Office shall, by the fifth legislative day, report to the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the Chairs of the House Ways and Means and Senate Finance and Taxation - General Fund Committees the total annual and cumulative ~~amount~~ amounts repaid pursuant to this section as of the end of the then-preceding fiscal year.

"(d) If for any year the Legislature fails to make such appropriations as are necessary to guarantee that the total ~~cumulative~~ annual amount repaid to the Alabama Trust Fund pursuant to this section is equal to or greater than the amount set forth in subdivision (2) of subsection (b) for that year, then there is hereby appropriated from the General Fund such amount as is necessary to make up the difference between the total ~~cumulative~~ annual amount repaid and the amount set forth in subdivision (2) of subsection (b) for that year. In the event that an appropriation is required under this subsection such amount shall be absolute and shall not be reduced pursuant to proration should such be necessary in any of the years referenced in subdivision (2) of subsection (b)."

Section 22. Liberal Construction. This act shall be liberally construed to effect its purpose.

Section 23. Effective Date. This act shall become effective immediately after its passage and approval by the Governor, or its otherwise becoming law.