

1           HB420  
2        164973-1  
3        By Representatives Jones and Howard  
4        RFD: Ways and Means General Fund  
5        First Read: 07-APR-15

1 164973-1:n:03/16/2015:LFO-LC/bdl

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8 SYNOPSIS: Under current law, the Alabama Corrections  
9 Institution Finance Authority has the authority to  
10 issue up to \$60 million in bonds for a prison  
11 facility in Perry County. This bill allows the  
12 bonds to be issued for any facilities and removes  
13 language allowing for proceeds from the sale of  
14 bonds to be drawn on for the Perry County facility.

15  
16 A BILL

17 TO BE ENTITLED

18 AN ACT

19  
20 To amend Sections 14-2-12 and 14-2-19, Code of  
21 Alabama 1975, relating to the Alabama Corrections Institute  
22 Finance Authority; to allow the authority to issue up to \$60  
23 million in bonds for any facilities, instead of the facility  
24 in Perry County only and provide for the use of proceeds  
25 derived from the sale of bonds.

26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 14-2-12 and 14-2-19, Code of Alabama 1975, are amended to read as follows:

"§14-2-12.

"(a) For the purpose of providing funds for the acquisition of sites, for the construction, reconstruction, alteration and improvement of facilities, for the procurement and installation of equipment therefor and for payment of obligations incurred and the principal of and interest on any temporary loans made for any of the said purposes, the authority is hereby authorized, from time to time, to sell and issue, in addition to all bonds heretofore authorized to be issued by the authority, its bonds in such aggregate principal amounts as may be determined by the corporation to be necessary for the said purposes but not to exceed \$25,000,000, plus an additional seven million five hundred thousand dollars (\$7,500,000) pursuant to Act 97-950, in aggregate principal amount.

"(b) In addition to the authorization provided in subsection (a), the authority is hereby authorized, from time to time, to sell and issue its bonds in amounts determined by the authority to be necessary for the acquisition, construction, reconstruction, alteration, and improvement of the Perry County facility facilities. Additional bonds may be issued to provide for additional bedspace by improving properties currently owned by the Department of Corrections or the authority. ~~The proceeds of bonds issued under this subsection shall be expended for facilities in Perry County.~~

1           The total additional bonds authorized by this subsection shall  
2           not exceed \$60 million.

3                 "(c) Any monetary transactions completed pursuant to  
4           Act 2010-729 shall be fully disclosed to the public.

5                 "(d) Any bonds issued pursuant to this section shall  
6           be sold by competitive bid if practical and economically  
7           feasible as determined by the authority.

8                 "§14-2-19.

9                 "(a) All proceeds derived from the sale of any  
10           bonds, except refunding bonds, sold by the authority,  
11           remaining after payment of the expenses of issuance thereof,  
12           shall be turned over to the State Treasurer, shall be carried  
13           in a special account to the credit of the authority, and shall  
14           be subject to be drawn on by the authority solely for the  
15           purposes of:

16                 "(1) Acquiring land for and constructing,  
17           reconstructing and equipping thereon one or more facilities;

18                 ~~"(2) Acquiring, constructing, reconstructing,  
19           altering, and improving the Perry County facility including  
20           providing up to one million dollars to the Perry County  
21           Commission to compensate for the future loss of tax revenue.~~

22                 ~~"(3) (2) Constructing additional improvements on  
23           property currently owned by the Department of Corrections or  
24           the authority in order to provide for additional bedspace.~~

25                 ~~"(4) (3) Paying all reasonable and necessary  
26           expenses incidental thereto, including filing, recording,  
27           surveying, legal and engineering fees and expenses;~~

1                         "(5) (4) Paying the interest which will accrue on  
2 the said bonds during the period required for the construction  
3 and equipment of the said facilities and for a period not  
4 exceeding six months after the completion thereof; and

5                         "(6) (5) Paying the principal of and interest on all  
6 then outstanding notes theretofore issued by the authority  
7 pursuant to the provisions of Section 14-2-10.

8                         "The balance of the said proceeds thereafter  
9 remaining, unless required for the construction of other  
10 facilities by the authority as shall be determined by  
11 resolution of its board of directors within six months after  
12 completion of the facilities for which the bonds were issued,  
13 shall be set aside as additional security for the bonds or  
14 shall be used to pay, purchase or redeem bonds as may be  
15 provided in the proceedings authorizing their issuance. The  
16 reasonable and necessary expenses incident to the construction  
17 of any facility shall, if deemed advisable by the authority,  
18 include all or any part of the expense of providing temporary  
19 facilities, during the construction of a new facility, for any  
20 penal or correctional institution facility which is demolished  
21 or rendered unserviceable as such.

22                         "(b) All proceeds from the sale of refunding bonds  
23 issued by the authority that remain after paying the expenses  
24 of their issuance may be used only for the purpose of  
25 refunding the principal of and any unpaid and accrued interest  
26 on the outstanding bonds of the authority for the refunding of  
27 which the refunding bonds are authorized to be issued,

1 together with any premium that may be necessary to be paid in  
2 order to redeem or retire such outstanding bonds."

3                   Section 2. This act shall become effective  
4 immediately following its passage and approval by the  
5 Governor, or its otherwise becoming law.