SB100
188217-1
By Senators Orr and Reed
RFD: Transportation and Energy
First Read: 09-JAN-18
SYNOPSIS: Under existing law, the Alabama Transportation Infrastructure Bank was established pursuant to Act 2015-50. Various sources of funding were authorized to capitalize the bank including revenue from one cent of the gasoline tax and a portion of the revenue from the license and registration fees on trucks and truck tractors. The bank is authorized to make loans to units of government to construct, operate, or own transportation projects. The bank is authorized to raise funds for qualified projects by the issuance of bonds. At the current time, funding has not been made available to capitalize the bank.

This bill would further provide for the Alabama Transportation Infrastructure Bank. The bill authorizes additional tax revenue to be pledged to pay and secure revenue bonds issued by the bank as determined by the Director of Transportation and approved by the Governor, including certain taxes on motor vehicle licenses.
and registration, certain taxes on diesel fuel and
gasoline, and certain fees on identification
markers. These taxes and fees and the prior taxes
and fees authorized to capitalize the bank would be
irrevocably appropriated to capitalize the bank and
pay the debt service on bonds as determined by the
director and approved by the Governor. Under
certain conditions, pledges of the revenue would be
subordinate to the pledges of the revenue by the
Alabama Federal Aid Highway Finance Authority and
the Alabama Highway Finance Corporation.

The bill would otherwise provide for the
operation of the bank, including the following: (1)
Provide for the definitions of government unit,
permitted investments, qualified project, and
qualified borrower; (2) Specify that a borrower may
pledge any revenue and, if authorized, its full
faith and credit for obligations of the bank; (3)
Permit the bank to establish funds and accounts
with the State Treasurer or a commercial bank; (4)
Provide that the state Finance Director would be
responsible for directing the withholding of funds
upon a default by a government unit; (5) Authorize
audits by the Department of Examiners of Public
Accounts in addition to independent auditors; (6)
Authorize bonds of the bank to be secured by other
forms of credit instruments; (7) Clarify the bonds
would not be a debt of the state; (8) Delete the requirement that bonds be issued by the State Treasurer; and (9) Specify that any pledge to secure bonds applies to a pledge to secure other financial assistance.

The bill would also add provisions relating to the granting of other financial assistance and the execution of other financial instruments, specify that the bank would be a nonprofit corporation, and provide for the dissolution of the bank.

A BILL
TO BE ENTITLED
AN ACT

Relating to the Alabama Transportation Infrastructure Bank; to amend Sections 23-7-2, 23-7-6, 23-7-7, 23-7-9, 23-7-11, 23-7-14, 23-7-15, 23-7-17, 23-7-18, 23-7-19, 23-7-20, and 23-7-21, Code of Alabama 1975, and to add Sections 23-7-29, 23-7-30, and 23-7-31 to the Code of Alabama 1975, to further provide for definitions; to provide further for the exercise of the powers of the bank; to provide for the appropriation and pledge of certain gasoline tax revenues, motor vehicle license taxes and registration fees, diesel fuel tax revenues, motor carrier tax revenues, and identification marker fees to capitalize the bank and for the bank to carry
out its purposes; to provide for the administration of the
bank; to provide that a pledge of the revenues of the bank to
secure its bonds or other financial assistance would continue
until such obligations have been paid or terminated unless the
instrument providing the pledge provides otherwise; to provide
that under certain conditions pledges of revenues would be
subordinate to the pledges of the revenues by the Alabama
Federal Aid Highway Finance Authority and the Alabama Highway
Finance Corporation; to provide for the priority of pledges by
the bank; to provide for the irrevocable appropriation to the
bank of the taxes and fees as recommended by the Director of
the Department of Transportation and approved by the Governor
for the purpose of providing funds to capitalize the bank and
for the bank to carry out its purposes including the pledging
for the payment of debt service on bonds; to provide further
for the establishment of funds and accounts of the bank; to
provide further that a government unit may pledge additional
types of tax revenues and, if authorized, its full faith and
credit to secure its obligations to the bank; to provide
further for the withholding of funds if a government unit
fails to pay amounts due to the bank; to provide further for
the investment of money of the bank; to provide further that
an audit of the books of the bank may be performed by the
Department of Examiners of Public Accounts; to provide further
that bonds issued by the bank may be secured by other
financial assistance provided by the bank as well as by bond
insurance, guarantees, letters of credit, or other forms of
credit enhancement purchased or otherwise obtained by the bank from any public or private entity; to provide further that bonds and other financial assistance issued by the bank would not constitute an obligation or debt of the state or any of its political subdivisions, but would be limited obligations of the bank payable solely from the revenue, money, or property of the bank pledged for the purpose of the instruments; to provide further that neither the full faith and credit nor the taxing power of the state, or any of its political subdivisions would be pledged for payment of bonds or other financial assistance of the bank; to remove the requirement that the bank's bonds be issued by the State Treasurer and that a trustee for the bank's bonds would be designated by the State Treasurer; to provide that bonds of the bank may be secured by a pledge of specific revenues and assets; to provide further that any pledge to secure the bank's bonds or other financial assistance would be valid and binding from the time it is made and that no recording or filing is necessary to create or perfect any such pledge or security interest; to provide further for the provision of other financial assistance; to provide that the net earnings of the bank shall not inure to the benefit of any individual, firm, or corporation; and to provide for the dissolution of the bank.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 23-7-2, 23-7-6, 23-7-7, 23-7-9, 23-7-11, 23-7-14, 23-7-15, 23-7-17, 23-7-18, 23-7-19, 23-7-20,
and 23-7-21, Code of Alabama 1975, are amended to read as follows:

"§23-7-2."

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

"(1) BANK. The Alabama Transportation Infrastructure Bank."

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

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

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

"(5) ELIGIBLE COST. As applied to a qualified project to be financed from the federal highway account, the costs that are permitted under applicable federal laws, requirements, procedures, and guidelines in regard to establishing, operating, and providing assistance from the bank. As applied to a qualified project to be financed from the state highway account, these costs include the costs of preliminary engineering, traffic, and revenue studies; environmental studies; right-of-way acquisition; legal and financial services associated with the development of the qualified project; construction; construction management; facilities; and other costs necessary for the qualified project.

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

"(7) FINANCING AGREEMENT. Any agreement entered into
between the bank and a qualified borrower pertaining to a loan
or other financial assistance. This agreement may contain, in
addition to financial terms, provisions relating to the
regulation and supervision of a qualified project, or other
provisions as the board 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.

"(8) GOVERNMENT UNIT. A municipal corporation,
county, or another public body, instrumentality, or agency of
the state including combinations of two or more of these
entities acting jointly to construct, own, or operate a
qualified project, and any other state or local authority,
public corporation, board, commission, agency, department, or
other political subdivision created by the Legislature or
pursuant to the Constitution of Alabama of 1901, and laws of
this state which may finance, construct, own, or operate a
qualified project.

"(9) LOAN. An obligation subject to repayment which
is provided by the bank to a qualified borrower for all or a
part of the eligible cost of a qualified project. A loan may
be disbursed in anticipation of reimbursement for or direct payment of eligible costs of a qualified project.

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

"(11) OTHER FINANCIAL ASSISTANCE. Includes, but is not limited to, grants, contributions, 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, and other lawful forms of financing and methods of leveraging funds that are approved by the board, and in the case of federal funds, as allowed by federal law.

"(12) PERMITTED INVESTMENTS. Includes any of the following:

"a. Certificates of deposit, savings accounts, deposit accounts or money market deposits that are 1. secured as provided in Chapter 14A of Title 41; 2. fully insured by the FDIC; or 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 the agreements 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 the collateral.

"h. Investment or cash management agreements with a commercial bank whose senior long-term debt obligations, at the time of the acquisition of any 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, 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 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.
PROJECT REVENUES. All rates, rents, fees, assessments, charges, and other receipts derived or to be derived by a qualified borrower from a qualified project or made available from a special source, and, as provided in the applicable financing agreement, derived from any system of which the qualified project is a part of, from any other revenue producing facility under the ownership or control of the qualified borrower including, without limitation, proceeds of grants, gifts, appropriations, and loans, including the proceeds of loans made by the bank, investment earnings, reserves for capital and current expenses, proceeds of insurance or condemnation and proceeds from the sale or other disposition of property and from any other special source as may be provided by the qualified borrower.

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

QUALIFIED PROJECT. Includes either of the following:

a. An eligible project or combination of eligible projects of a government unit the aggregate total cost of which exceeds five million dollars ($5,000,000) which has been selected by the bank to receive a loan or other financial assistance from the bank to defray an eligible cost.
"b. A pool of eligible projects of government units the aggregate total cost of which exceeds five million dollars ($5,000,000) which government units have been selected by the bank to receive a loan funded from the proceeds of bonds issued by the bank for the pool of eligible projects to defray an eligible cost.

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

"§23-7-6.

"(a) The following sources may be used to capitalize the bank and for the bank to carry out its purposes:

"(1) An annual contribution, as determined by the Director of the Department of Transportation and approved by the Governor, of an amount not to exceed revenues produced by one cent ($.01) a gallon of the tax on gasoline imposed pursuant to Act 2011 565, 2011 Regular Session subdivision (1) of subsection (a) of Section 40-17-325. Any funds contributed pursuant to this subdivision shall be derived from the gasoline tax proceeds collected during the fiscal year remaining in the Public Road and Bridge Fund after distributions of the tax to the cities and counties. Any contributions which are to provide funds for debt service on bonds issued by the bank shall continue until the bonds have been fully repaid."
"(2) An annual contribution, as determined by the
Director of the Department of Transportation and approved by
the Governor, of an amount of the revenues collected during
the fiscal year pursuant to Section 40-12-248, not to exceed
the balance remaining in the Public Road and Bridge Fund
pursuant to Section 40-12-270(d)(3), after the distributions
required pursuant to Sections 40-12-270(d)(1) and
40-12-270(d)(2). Any contributions which are to provide funds
for debt service on bonds issued by the bank shall continue
until the bonds have been fully repaid. The limitation in this
subdivision on the amount of any cash contributions to the
bank out of the revenues from the truck and truck tractor
license tax and registration fees levied pursuant to Section
40-12-248 is not intended to limit the bank's authority to pay
bonds and other financial assistance from the motor vehicle
license tax and registration fee revenues authorized to be
used for such purpose in subdivision (1) of subsection (b) or
to limit the bank's ability to pledge the motor vehicle
license tax and registration fee revenue for that purpose.

"(3) Federal funds made available to the state.

"(4) Federal funds made available to the state for
the bank.

"(5) Contributions and donations from government
units, and any other source as may become available to the
bank including, but not limited to, appropriations from the
Legislature."
"(6) All monies paid or credited to the bank, by contract or otherwise, payments of principal and interest on loans or other financial assistance made from the bank, and interest earnings which may accrue from the investment or reinvestment of the bank's monies.

"(7) Proceeds from the issuance of bonds as provided in this chapter.

"(8) Other lawful sources as determined appropriate by the board.

"(9) Loans from the department to the bank to be repaid from revenues committed to the bank for the following year.

"(b) With the recommendation of the Director of the Department of Transportation and approval by the Governor, the following revenue sources may be used to pay and secure bonds and other financial assistance issued by the bank:

"(1) The motor vehicle license taxes and registration fees that are provided to be distributed to the state pursuant to the provisions of Division 1 of Article 5 of Chapter 12 of Title 40, remaining after the costs of collection thereof.

"(2) The excise taxes levied by subdivision (2) of subsection (a) of Section 40-17-325 on distributors and storers of diesel fuel, except for the portion required to be distributed to municipalities and counties pursuant to subsection (b) of Section 40-17-361, remaining after payment of the costs of collection thereof. The term "costs of
collection," as used in this subdivision, shall mean that portion of the excise taxes referred to in this subdivision that may be appropriated by the Legislature to the Department of Revenue for its operating expenses.

"(3) The excise tax levied by Article 3 of Chapter 17 of Title 40, remaining after payment of the costs of collection thereof, exclusive of that portion of the tax in respect of gasoline. The term "costs of collection," as used in this subdivision, shall mean that portion of the excise tax referred to in this subdivision that may be appropriated by the Legislature to the Department of Revenue for its operating expenses.

"(4) The receipts from the fee in respect of identification markers on motor vehicles that is provided for in Section 40-17-150.

"(c) Any pledge of the revenues and amounts described in subsection (a) or (b) to provide funds for payment of debt service on bonds issued by the bank or to pay obligations of the bank with respect to other financial assistance shall continue until the bonds have been fully repaid or the bank's obligation with respect to the other financial assistance has 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 bank.

"(d) Any pledge by the bank of revenues described in subdivision (1) of subsection (a) shall be subordinate to the
pledges thereof for the benefit of bonds of Alabama Federal
Aid Highway Finance Authority and Alabama Highway Finance
Corporation. Any pledge by the bank of revenues described in
subdivision (2) of subsection (a) and subsection (b) shall be
subordinate to the pledges thereof for the benefit of bonds of
the Alabama Highway Finance Corporation. Pledges by the bank
of the revenue sources described in subsections (a) and (b)
for its bonds or other financial assistance shall take
precedence among themselves in the order of the instruments
making the pledges, except as otherwise provided in the
instruments.

"(e) There is irrevocably appropriated to the bank
so much of the taxes and fees described in subdivisions (1)
and (2) of subsection (a) and subsection (b) as the Director
of the Department of Transportation shall from time to time
determine and the Governor shall approve for the purpose of
providing funds to capitalize the bank and for the bank to
carry out its purposes, including, without limitation, amounts
pledged for payment of debt service on the bonds of the bank
or pledged to pay amounts owed by it under any other financial
assistance.

"§23-7-7.

"(a) Earnings on balances in the federal highway
account, as created by this chapter, must be credited and
invested according to federal law. The bank may establish
accounts and subaccounts within the state highway account and
the federal highway account as considered desirable to
effectuate the purposes of this chapter, or to meet the requirements of any state or federal programs. All accounts shall be held in trust by the State Treasurer.

"(b) For necessary and convenient administration of the bank, the board shall direct the State Treasurer to establish federal and state accounts and subaccounts within the bank necessary to meet any applicable federal law requirements or as the bank shall determine necessary or desirable in order to implement this chapter.

"(c) The bank shall comply with all applicable federal laws and regulations prohibiting the commingling of certain federal funds deposited in the bank.

"(c) The operations of the bank shall be administered by the department, as agent for the bank, and the department may establish procedures and adopt rules necessary to administer the operations of the bank in accordance with applicable law and to enter into contracts and other agreements in connection with the operation of the bank including, but not limited to, contracts and agreements with federal agencies, public bodies, the bank, and other parties to the extent necessary or convenient for administration of the bank's operations. Except as provided in this chapter, acting as agent for the bank, the department shall maintain full authority for the administration of the bank's operations in accordance with applicable federal and state law.

"§23-7-9.
(a) Qualified borrowers may obtain loans or other financial assistance from the bank through financing agreements. Qualified borrowers entering into financing agreements and issuing loan obligations to the bank may perform any acts, take any action, adopt any proceedings, and make and carry out any contracts or agreements with the bank as may be agreed to by the bank and any qualified borrower for the carrying out the purposes of this chapter.

(b) In addition to the authorizations contained in this chapter, all other statutes or provisions permitting government units to borrow money and issue obligations may be utilized by any government unit in obtaining a loan or other financial assistance from the bank to the extent determined necessary or useful by the government unit in connection with any financing agreement and the issuance, securing, or sale of loan obligations to the bank.

(c) A qualified borrower may receive, apply, pledge, assign, and grant a security interest in project revenues, and, in the case of a government unit, its project revenues, revenues derived from a special source, ad valorem or other taxes, or, if the government unit is authorized, its full faith and credit, to secure its obligations as provided in this chapter, and may fix, revise, charge, and collect fees, rates, rents, assessments, and other charges of general or special application for the operation or services of a qualified project, the system of which it is a part, and any other revenue producing facilities from which
the qualified borrower derives project revenues, to meet its obligations under a financing agreement or to provide for the construction and improving of a qualified project.

"§23-7-11.

"(a) If a government unit fails to collect and remit in full all amounts due to the bank on the date these amounts are due under the terms of any note or other obligation of the government unit, the bank shall notify the State Treasurer State Finance Director who shall withhold direct the withholding of all or a portion of the funds of the state and all funds administered by the state, its agencies, boards, and instrumentalities allotted or appropriated to the government unit and apply an amount necessary to the payment of the amount due.

"(b) Nothing contained in this section mandates the withholding of funds allocated to a government unit the withholding of which would violate contracts to which the state is a party, the requirements of federal law imposed on the state, or judgments of a court binding on the state.

"§23-7-14.

"All money of the bank, except as authorized by law or provided in this chapter, shall be deposited with and invested by the State Treasurer. Funds of the bank not needed for immediate use or disbursement may be invested by the State Treasurer in obligations or securities which are declared to be legal obligations by general law. All federal funds shall be invested as required by applicable federal law. Money in
funds or accounts of the bank may be invested in permitted investments; provided, the investment of any federal funds shall comply with any applicable federal requirements.

§23-7-15.

"Following the close of each state fiscal year, the bank shall submit an annual report of its activities for the preceding year to the Governor and to the Legislature. The bank also shall submit an annual report to the appropriate federal agency in accordance with requirements of any federal program. An independent certified public accountant or the Department of Examiners of Public Accounts shall perform an audit of the books and accounts of the bank at least once in each state fiscal year.

§23-7-17.

"(a) Whenever it shall become necessary that monies be raised for qualified projects, including monies to be used to refund any bonds then outstanding, the bank may issue bonds as provided in this chapter.

"(b) The bank may pledge any of its revenue or funds to the payment of its bonds, subject only to any prior agreements with the holders of particular bonds which may have pledged specific money or revenue pledges for other outstanding bonds or other financial assistance of the bank and, in the case of those revenues described in subdivisions (1) and (2) of subsection (a) and subsection (b) of Section 23-7-6, pledges by Alabama Federal Aid Highway Finance Authority and Alabama Highway Finance Corporation of the
revenues for bonds issued by those entities. Bonds may be
secured by a pledge of any loan obligation owned by the bank,
any grant, contribution, or guaranty from the United States,
the state, or any corporation, association, institution, or
person, any other financial assistance provided by the bank,
any bond insurance, guarantees, letters of credit or other
forms of credit enhancement purchased or otherwise obtained by
the bank from any public or private entity, any other property
or assets of the bank, or a pledge of any money, income, or
revenue of the bank from any source.

"§23-7-18.

"Bonds, other financial assistance, and other
obligations issued by the bank shall not constitute an obligation or debt or a pledge of the full faith and credit of
this state, or any of its political subdivisions other than
the bank, but are shall be limited obligations of the bank
payable solely from the revenue, money, or property of the
bank pledged for such purpose as provided in this chapter. The
Any bonds, other financial assistance, or other obligations of
the bank issued 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 bank or any person executing bonds, other
financial assistance, or other obligations of the bank is
liable personally on the bonds thereon by reason of their
issuance or execution. Each bond, other financial assistance, and other obligation issued under this chapter shall contain on its face a statement to the effect of the following:

"(1) Neither the state, any of its political subdivisions, nor the bank is obligated to pay the principal of or interest on the bond or other costs incident to the bond except The instrument is not a general obligation of the bank, but is a limited obligation of the bank payable solely from the revenue, money, or property of the bank pledged.

"(2) Neither The instrument is not an obligation or debt of the state, or any of its 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 principal of or interest on the bond instrument.

"(3) The bank does not have taxing power.

"§23-7-19.

"(a) The bonds of the bank must be authorized by a resolution of the bank.

"(b) 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.

"(c) 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 bank prior to their issuance.
"(d) The bonds may bear interest payable at a time and at a rate as determined by the bank, including the
determination by agents designated by the bank under
guidelines established by it.

"(e) Bonds may be sold by the bank at public or
private sale at the price it determines and approves.

"(f) The State Treasurer shall issue the bonds of
the bank not later than 60 days upon the resolution of the
bank authorizing the issuance of the bonds.

§23-7-20.

"(a) Bonds may be secured by a trust indenture
between the bank and a corporate trustee, which may be the
State Treasurer or any bank having trust powers or any trust
company, designated by the State Treasurer 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 bank in relation to
the exercise of its powers and the custody, safekeeping, and
application of its money. The bank 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 bank 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 bank under the trust indenture may be
treated as part of its operating expenses.
"(b) Any resolution or trust indenture pursuant to which bonds are issued may contain provisions which are part of the contract with the holders of the bonds and which include the following:

"(1) Pledging all or any part of the revenue specific revenues of the bank to secure the payment of the bonds.

"(2) Pledging all or any part of the specific assets of the bank including loan obligations owned by it to secure the payment of the bonds.

"(3) The use and disposition of the gross income from, and payment of the principal of, and interest on loan obligations owned by the bank.

"(4) The establishment of reserves, sinking funds, and other funds and accounts, and their regulation and disposition.

"(5) 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.

"(6) 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.

"(7) 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.
"(8) Limitations on the amount of money to be expended by the bank for its operating expenses.

"(9) Vesting in a trustee property, rights, powers, and duties as the bank may determine, limiting or abrogating the right of bondholders to appoint a trustee, and limiting the rights, powers, and duties of the trustee.

"(10) Defining the acts or omissions which constitute a default, the obligations or duties of the bank 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.

"(11) Requiring the bank 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 bank or held by a trustee, which may be authorized by the laws of this state.

"(12) 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.

"§23-7-21.

"(a) Any pledge made by the bank 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 bank 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 bank, irrespective of whether the parties have notice of the pledge.

"(b) 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 bank to secure any bonds or other financial assistance."

Section 2. Sections 23-7-29, 23-7-30, and 23-7-31 are added to the Code of Alabama 1975, to read as follows:

§23-7-29.

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

(b) The bank may execute instruments and enter into financing agreements, including, without limitation, a trust indenture between the bank 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 bank shall determine in connection with the provision of other financial assistance and the securing its obligations with respect to other financial assistance.
(c) The bank may pledge any of its revenues or funds to the payment of other financial assistance provided by the bank, subject to any prior pledges for outstanding bonds or other financial assistance of the bank and, in the case of those revenues described in subdivisions (1) and (2) of subsection (a) and subsection (b) of Section 23-7-6, the pledges by Alabama Federal Aid Highway Finance Authority and Alabama Highway Finance Corporation of the revenues for bonds issued by the entities. Other financial assistance may be secured by a pledge of any loan obligation owned by the bank, any grant, contribution, or guaranty from the United States, the state, or any corporation, association, institution, or person, any other property or assets of the bank, or a pledge of any money, income, or revenue of the bank from any source.

§23-7-30.

The bank shall be a nonprofit corporation and no part of its net earnings remaining after payment of its expenses shall inure to the benefit of any individual, firm, or corporation, except that in the event its board of directors shall determine that sufficient provision has been made for the full payment of the expenses, bonds, other financial assistance and other obligations of the bank, then any net earnings of the bank thereafter accruing shall be paid to the state.

§23-7-31.

At any time when no bonds, other financial assistance, or other obligations of the bank are outstanding,
the bank 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 bank and which
shall be sworn to by each director before an officer
authorized to take acknowledgments to deeds. Upon the filing
of the application for dissolution, the bank shall cease and
any property owned by it at the time of its dissolution shall
pass to the state. 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 bank is
dissolved and shall record the certificate with the
application for dissolution.

Section 3. The provisions of this act are severable.
If any part of this act is declared invalid or
unconstitutional, that declaration shall not affect the part
which remains.

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