

1 SB287
2 173595-1
3 By Senators Pittman, Ward, Allen, Williams and Reed
4 RFD: Finance and Taxation General Fund
5 First Read: 23-FEB-16

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SYNOPSIS: This bill will be known as the Alabama
Prison Transformation Initiative Act.

This bill would provide for the construction
of four modern, efficient prison facilities to
reduce overcrowding, to improve safety conditions
for corrections officers, to allow for additional
inmate re-entry programs and to improve operational
practices and procedures.

This bill would require increased reporting
to the Joint Legislative Prison Committee.

Under existing law, the Alabama Corrections
Institution Finance Authority is authorized to
issue bonds for prison construction purposes. The
Authority is required to construct facilities using
plans and specifications of architects or
engineers, or both.

This bill would also allow the Authority to
construct women's and regional prison facilities
using various types of construction agreements.

1 This bill would allow the Authority to issue
2 additional bonds with no specified maturity date
3 later than 30 years for the purpose of financing
4 women's and regional prison facilities, for the
5 renovation of existing prison facilities, and for
6 demolition of obsolete prison facilities.

7 This bill would also provide for disposing
8 of property not required for use by the Department
9 of Corrections and further provide for actions to
10 be taken upon payment of all bonds issued by the
11 Authority.

12 This bill would provide for the pledge of
13 the proceeds of the one mill tax levied by Section
14 40-8-3 to secure the Authority's bonds and amend
15 Section 38-4-12 relating to the application of the
16 one mill tax.

17
18 A BILL
19 TO BE ENTITLED
20 AN ACT

21
22 To amend Sections 14-2-1, 14-2-12, 14-2-13.1,
23 14-2-14, 14-2-16, 14-2-19, 14-2-21, 14-2-28, and 14-2-34,
24 relating to the Alabama Corrections Institution Finance
25 Authority, to allow the Authority to issue up to \$800 million
26 in bonds with no specified maturity date later than 30 years
27 for the purpose of financing the construction of women's and

1 regional prison facilities, renovating existing prison
2 facilities, and demolishing obsolete prison facilities; and to
3 allow the Authority to construct the women's and regional
4 prison facilities using various types of construction
5 agreements; to authorize the Authority to dispose of property
6 not required for Department of Corrections purposes; to
7 require reporting to the Joint Legislative Prison Committee;
8 to further provide for actions to be taken upon payment of all
9 bonds issued by the Authority; to amend Section 40-8-3,
10 relating to allocation of the proceeds of the one mill (\$.10
11 on each \$100 of assessed value) tax provided therein as
12 security for the Authority's bonds; to amend Section 38-4-12
13 relating to the priority of the use of the one mill tax; and
14 to define certain terms.

15 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

16 Section 1. This act shall be known and cited as the
17 Alabama Prison Transformation Initiative Act.

18 Section 2. The Legislature finds all of the
19 following: (1) Many of the state's current prison facilities
20 were constructed decades ago; (2) The age and design of the
21 facilities are causing many inefficiencies in the operation of
22 the prison system, including increasing costs of maintaining
23 and repairing the facilities, increasing costs of transporting
24 inmates from prisons to medical care facilities, increasing
25 correctional and support staff costs because of the geographic
26 disparity of the system and the antiquated design of the
27 prison facilities, and increasing medical costs due to

1 inefficiencies in delivering medical services to inmates; (3)
2 Many of these higher costs could be reduced by constructing
3 women's and regional prison facilities designed to house a
4 larger number of inmates; (4) The purpose of this act is to
5 allow the Alabama Corrections Institution Finance Authority to
6 issue bonds for the purpose of financing the construction of
7 women's and regional prison facilities and for other purposes;
8 and (5) In order to achieve the most advantageous interest
9 rates and borrowing costs for the bonds it is necessary to
10 secure them with an additional source of payment.

11 Section 3. The Alabama Corrections Institution
12 Finance Authority shall report to the Joint Legislative Prison
13 Committee on any plans for the demolition or disposal of any
14 existing prison facilities pursuant to this act.

15 Section 4. Sections 14-2-1, 14-2-12, 14-2-13.1,
16 14-2-14, 14-2-16, 14-2-19, 14-2-21, 14-2-28, and 14-2-34, Code
17 of Alabama 1975, are amended to read as follows:

18 "§14-2-1.

19 For the purposes of this chapter, the following
20 terms shall have the meanings respectively ascribed to them by
21 this section:

22 (1) AUTHORITY. The public corporation organized
23 pursuant to the provisions of this chapter.

24 (2) COMMISSION. The Building Commission created by
25 Section 41-9-140 and its successors as the state agency for
26 awarding construction contracts and supervising construction.

1 (3) DEPARTMENT. The Alabama Department of
2 Corrections created by Section 14-1-1.1 and its successors as
3 the state agency responsible for supervising and controlling
4 the operation of the correctional institutions of the state.

5 (4) STATE. The State of Alabama.

6 (5) BONDS. The bonds issued under the provisions of
7 this chapter.

8 (6) FACILITIES. Such term includes any one or more
9 of the following:

10 a. Prisons;

11 b. Buildings and enclosures for housing, containing
12 or supervising prisoners; and

13 c. Any facilities necessary or useful in connection
14 with prisons, buildings or enclosures, including, without
15 limiting the generality of the foregoing, hospitals, offices,
16 correctional officers' quarters and residences, warehouses,
17 garages, storage facilities, abattoirs, cold storage plants,
18 canning plants, laundries and manufacturing plants for the
19 employment of prison labor.

20 (7) KILBY PROPERTY. Such term includes all of the
21 real property commonly referred to as Kilby prison property,
22 embracing not only the real property owned by the state on
23 which Kilby prison is located, but also all real property
24 owned by the state used in connection with Kilby prison and
25 adjacent thereto, all located in sections 2, 3, 10, 11, 21,
26 22, 26, 27, 28, 29, 30, 33, 34, and 35 in township 17, range
27 18 in Montgomery County, Alabama, together with all personal

1 property owned by the state and used in connection with Kilby
2 prison and the real property adjacent thereto.

3 (8) PERRY COUNTY FACILITY. The Perry County
4 Correctional Center, including all real property, buildings
5 and improvements located at the facility in Perry County.

6 (9) NET PROCEEDS OF THE ONE MILL TAX. The portion of
7 the proceeds of the tax levied under Section 40-8-3 at the
8 rate of \$.10 on each \$100 of the assessed value of taxable
9 property, remaining after payment of one percent of the
10 proceeds thereof to the Alabama Historical Commission for the
11 purposes set forth therein.

12 (10) REGIONAL PRISON FACILITY. A prison facility
13 designed to house at least 3,500 inmates with a construction
14 project cost of at least \$100 million dollars.

15 (11) WOMEN'S PRISON FACILITY. A prison facility
16 designed and constructed to house female inmates and intended
17 to replace the existing Julia Tutwiler Prison for Women.

18 "§14-2-12.

19 (a) For the purpose of providing funds for the
20 acquisition of sites, for the construction, reconstruction,
21 alteration and improvement of facilities, for the procurement
22 and installation of equipment therefor and for payment of
23 obligations incurred and the principal of and interest on any
24 temporary loans made for any of the said purposes, the
25 authority is hereby authorized, from time to time, to sell and
26 issue, in addition to all bonds heretofore authorized to be
27 issued by the authority, its bonds in such aggregate principal

1 amounts as may be determined by the corporation to be
2 necessary for the said purposes but not to exceed \$25,000,000,
3 plus an additional seven million five hundred thousand dollars
4 (\$7,500,000) pursuant to Act 97-950, in aggregate principal
5 amount.

6 (b) In addition to the authorization provided in
7 subsection (a), the authority is hereby authorized, from time
8 to time, to sell and issue its bonds in amounts determined by
9 the authority to be necessary for the acquisition,
10 construction, reconstruction, alteration, and improvement of
11 facilities. Additional bonds may be issued to provide for
12 additional bedspace by improving properties currently owned by
13 the Department of Corrections or the authority. The total
14 additional bonds authorized by this subsection shall not
15 exceed \$60 million.

16 (c) In addition to any other authorization provided
17 in this chapter, the authority is hereby authorized, from time
18 to time, to sell and issue its bonds in amounts determined by
19 the authority to be necessary for the acquisition of sites,
20 construction, reconstruction, alteration, demolition, and
21 improvement of facilities, including but not limited to
22 women's prison facilities and regional prison facilities and
23 for the procurement and installation of equipment therefor.
24 The total additional bonds authorized by this subsection shall
25 not exceed \$800 million. Bonds authorized by this subsection
26 shall be sold as provided in Section 14-2-16.

1 ~~(e)~~ (d) Any monetary transactions completed pursuant
2 to Act 2010-729 shall be fully disclosed to the public.

3 ~~(d)~~ (e) Any bonds issued pursuant to this section
4 shall be sold by competitive bid if practical and economically
5 feasible as determined by the authority.

6 ~~(e)~~ (f) The authority is strongly encouraged to
7 utilize businesses and companies in all aspects of the bond
8 and construction portions of this chapter that reflect the
9 racial and ethnic diversity of the state.

10 "§14-2-13.1.

11 It is hereby further provided that no refunding
12 bonds as provided for by Section 14-2-13 shall be issued
13 unless the present value of all debt service on the refunding
14 bonds (computed with a discount rate equal to the true
15 interest rate of the refunding bonds and taking into account
16 all underwriting discount and other issuance expenses) shall
17 not be greater than ~~95~~ 98% of the present value of all debt
18 service on the bonds to be refunded (computed using the same
19 discount rate and taking into account the underwriting
20 discount and other issuance expenses originally applicable to
21 such bonds) determined as if such bonds to be refunded were
22 paid and retired in accordance with the schedule of maturities
23 (considering mandatory redemption as a scheduled maturity)
24 provided at the time of their issuance. Provided further that
25 the average maturity of the refunding bonds, as measured from
26 the date of issuance of such refunding bonds, shall not exceed
27 by more than three years the average maturity of the bonds to

1 be refunded, as also measured from such date of issuance, with
2 the average maturity of any principal amount of bonds to be
3 determined by multiplying the principal of each maturity by
4 the number of years (including any fractional part of a year)
5 intervening between such date of issuance and each such
6 maturity, taking the sum of all such products, and then
7 dividing such sum by the aggregate principal amount of bonds
8 for which the average maturity is to be determined.

9 "§14-2-14.

10 Any bonds of the authority may be executed and
11 delivered by it at any time and from time to time, shall be in
12 such form and denominations and of such tenor and maturities,
13 shall bear such rate or rates of interest payable and
14 evidenced in such manner, may contain provisions for
15 redemption prior to maturity and may contain other provisions
16 not inconsistent with this section, all as may be provided by
17 the resolution of the board of directors whereunder such bonds
18 are authorized to be issued; provided, that no bond of the
19 authority shall have a specified maturity date later than ~~20~~
20 30 years after its date. In the event that the authority shall
21 make more than one pledge of the same revenues, such pledges
22 shall, unless otherwise provided in the resolution or
23 resolutions authorizing the earlier issued bonds, take
24 precedence in the order of the adoption of the resolutions in
25 which the pledges are made; provided, that each pledge for the
26 benefit of refunding bonds shall have the same priority as the
27 pledge for the benefit of the bonds refunded thereby.

1 "§14-2-16.

2 Bonds of the authority may be sold at such price or
3 prices and at such time or times as the board of directors of
4 the authority may consider advantageous, either at public sale
5 or private sale. Bonds of the authority sold by competitive
6 bid must be sold, whether on sealed bids or at public auction,
7 to the bidder whose bid reflects the lowest effective
8 borrowing cost to the authority for the bonds being sold;
9 provided, that if no bid acceptable to the authority is
10 received, it may reject all bids. Notice of each such sale by
11 competitive bids shall be given by publication in either a
12 financial journal or a financial newspaper published in the
13 City of New York, New York, and also by publication in a
14 newspaper published in the State of Alabama, each of which
15 notices must be published at least one time not less than 10
16 days before the date for the sale. The board of directors may
17 fix the terms and conditions under which such sale may be
18 held; provided, that such terms and conditions shall not
19 conflict with any of the requirements of this chapter. The
20 authority may pay out of the proceeds of the sale of its bonds
21 all expenses, including capitalized interest during a period
22 not to exceed ~~one~~ three years from the date of issuance of
23 such bonds, publication and printing charges, attorneys' fees
24 and other expenses which said board of directors may deem
25 necessary and advantageous in connection with the
26 authorization, advertisement, sale, execution and issuance of
27 such bonds. Neither a public hearing nor consent of the State

1 Department of Finance or any other department or agency of the
2 state shall be a prerequisite to the issuance or sale of bonds
3 by the authority.

4 "§14-2-19.

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

11 (1) Acquiring land for and constructing,
12 reconstructing and equipping thereon one or more facilities, ~~and~~
13 including, but not limited to, one or more women's prison
14 facilities and one or more regional prison facilities.

15 (2) Constructing additional improvements on property
16 currently owned by the Department of Corrections or the
17 authority in order to provide for additional bedspace;

18 (3) Paying all reasonable and necessary expenses
19 incidental thereto, including filing, recording, surveying,
20 legal and engineering fees and expenses;

21 (4) Paying the interest which will accrue on the
22 said bonds during the period required for the construction and
23 ~~equipment~~ equipping of the said facilities and for a period
24 not exceeding six months after the completion thereof; and

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

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

15 (b) All proceeds from the sale of refunding bonds
16 issued by the authority that remain after paying the expenses
17 of their issuance may be used only for the purpose of
18 refunding the principal of and any unpaid and accrued interest
19 on the outstanding bonds of the authority for the refunding of
20 which the refunding bonds are authorized to be issued,
21 together with any premium that may be necessary to be paid in
22 order to redeem or retire such outstanding bonds.

23 "§14-2-21.

24 (a) The principal of, premium, if any, and interest
25 on the bonds of the authority shall be secured by any or all
26 of the following, as the authority may determine:

1 (1) The rent and revenue for the use of one or more
2 facilities of the authority;

3 (2) The net rent or sale proceeds from the Kilby
4 property;

5 (3) Any bond proceeds remaining unexpended upon
6 completion of all facilities to be constructed with such bond
7 proceeds and the payment of the cost thereof;

8 (4) Any insurance proceeds which the authority may
9 receive by reason of its ownership of any of the facilities;
10 and

11 (5) Any mortgage upon or security interest in one or
12 more facilities of the authority, granted in connection with
13 the issuance of such bonds.

14 (b) The authority shall have authority to transfer
15 and assign any lease of any of the facilities and any lease or
16 mortgage of the Kilby property as security for the payment of
17 such principal, premium, if any, and interest. The bonds may
18 be issued under, and secured by, a resolution which may, but
19 need not, provide for an indenture of trust covering one or
20 more facilities of the authority. Such resolution or such
21 indenture of trust may contain any provision or agreement
22 customarily contained in instruments securing evidences of
23 indebtedness, including, without limiting the generality of
24 the foregoing, provisions respecting the collection and
25 application of any receipts pledged to the payment of bonds,
26 the terms to be incorporated in lease agreements respecting
27 the facilities, the maintenance and insurance thereof, the

1 creation and maintenance of reserve and other special funds
2 from such receipts and the rights and remedies available in
3 the event of default to the holders of the bonds or to the
4 trustee for the holders of the bonds or under any indenture of
5 trust, all as the authority may deem advisable and as shall
6 not be in conflict with the provisions of this chapter;
7 provided, however, that in making such agreements or
8 provisions the authority shall not have the power to obligate
9 itself except with respect to its facilities, the Kilby
10 property and the application of the receipts which it is
11 authorized in this chapter to pledge.

12 (c) In addition to the security described in
13 subsections (a) and (b) above, for the purpose of providing
14 funds to enable the authority to pay at their respective
15 maturities and due dates the principal of and interest on the
16 bonds that may be issued by it under this article at any time,
17 there is irrevocably pledged and appropriated so much as shall
18 be necessary of the net proceeds of the one mill tax for that
19 purpose.

20 "§14-2-28.

21 (a) Except as provided in subsection (b), all ~~All~~
22 facilities constructed by the authority shall be constructed
23 according to plans and specifications of architects or
24 engineers, or both, selected by the department. Such plans and
25 specifications shall be approved by the department and by the
26 commission. All work in the construction of facilities, or any
27 part thereof, which is determined by the commission to be

1 suitable and proper for construction by prison labor under
2 force account shall be performed by such prison labor under
3 such supervision and directions as shall be ordered by the
4 department. All construction of facilities or any part thereof
5 which the commission shall determine not to be suitable and
6 proper for construction by prison labor shall be done under
7 the supervision and direction of the commission following
8 award for each part of the work to the lowest responsible
9 bidder after advertising for, receipt and public opening of
10 sealed bids. Each such invitation for bids and the bidding
11 documents applicable thereto shall be so arranged that any
12 alternates shall constitute cumulative deductions from the
13 base bid rather than additions thereto. In determining the
14 lowest bidder if funds are insufficient to construct the
15 facility on the lowest base bid, then the commission may
16 proceed to consider the bids upon the basis of the base bids
17 of all bidders minus the respective reductions stated for the
18 first alternate. If the lowest bid so determined is not then
19 within the funds available, the commission shall proceed to
20 consider the base bid minus the first and second alternates
21 together to determine the lowest bid and in like manner
22 throughout all alternates, if need be, so that in no event
23 shall there be any discretion as to which alternate or
24 alternates will be used in determining the lowest responsible
25 bidder. If no bid deemed acceptable by the commission and the
26 authority is received, all bids may be rejected, in which
27 event bids may again from time to time be invited and acted on

1 as provided in this section. All such contracts shall be lump
2 sum contracts. All contracts for the entire work on a facility
3 shall be awarded at the same time, but notice to proceed may
4 be withheld until prior work under another contract has
5 progressed to a point where the joint or following work can
6 best be coordinated for the earliest completion of the entire
7 project in a sound and workmanlike manner. Each contract shall
8 be executed by the authority upon the determination of the
9 commission as to the lowest bidder. Payments made by the
10 authority under the construction contracts shall be upon the
11 contractor's written sworn request only if endorsed as
12 approved by the commission or in any lesser amount the
13 commission shall endorse as having been then earned on said
14 contract. After the contracts for a facility have been
15 awarded, such construction cost estimate shall be revised and
16 all extras on the contracts shall be awarded within the funds
17 available. The authority shall pay to the commission as a part
18 of the cost of constructing the facility such sums for the
19 services of its employees as may be mutually agreed between
20 the department and the commission.

21 (b) In constructing, reconstructing, or renovating
22 women's and regional prison facilities, the authority may
23 enter into contracts or agreements with private parties using
24 alternative project delivery methods, including but not
25 limited to design-build, construction management at risk or
26 public-private partnerships, pursuant to which the design,
27 construction, financing, and maintenance, or any combination

1 thereof, is accomplished on behalf of the authority by the
2 private party. The Division of Construction Management of the
3 Department of Finance shall develop procedures for the
4 procurement of contracts or agreements through alternative
5 project delivery methods, including, but not limited to,
6 proposal content, selection criteria, prequalification,
7 applicant interview, proposal evaluation, proposal
8 negotiation, selection and award which will be outlined in
9 each request for proposal. Notwithstanding any provision of
10 law to the contrary, proposals under this section with respect
11 to women's and regional prison facilities that the Authority
12 determines can be more efficiently accomplished by alternative
13 project delivery methods may be evaluated and awarded by the
14 Authority based on the qualifications of participants or best
15 value, or both, as evaluated by the procedures of the Division
16 of Construction Management and taking into consideration the
17 best interest of the State of Alabama. All architects and
18 engineers who prepare plans and specifications for these
19 prison facilities shall be duly licensed in the State of
20 Alabama.

21 "§14-2-34.

22 When all bonds and securities issued by the
23 authority and all obligations assumed by it under the
24 provisions of this chapter shall have been paid in full, the
25 then president of the authority shall thereupon execute and
26 deliver in the name of, and in behalf of, the authority an
27 appropriate deed or deeds, to which the seal of the authority

1 shall be affixed and attested by the secretary of the
2 authority, conveying all facilities and other assets then
3 owned by the authority to the state, except that no such
4 conveyance shall be required if the president of the authority
5 determines that the issuance of additional bonds to finance
6 additional facilities or improvements to existing facilities
7 is contemplated.. The then officers and directors of the
8 authority may, in their discretion, at such time file with the
9 Secretary of State a written statement, subscribed and sworn
10 to by each of them, reciting the payment in full of all bonds
11 theretofore issued by the authority and the execution and
12 delivery of such deed or deeds, which statement shall be filed
13 by the Secretary of State and recorded with the certificate of
14 incorporation of the authority, and thereupon the authority
15 shall stand dissolved.

16 Section 5. (a) Separate and apart from the power
17 granted to the authority in regard to the Kilby property in
18 Section 14-2-26 and 14-2-27, and in addition to those powers,
19 the authority shall have the power to sell, convey and lease
20 all or any part of any real and personal property now or
21 hereafter owned by it, together with the improvements thereon
22 and ancillary thereto, that is not being used by the
23 department as a facility, and the sale of which will not
24 impair the outstanding obligations of the authority, and as an
25 aid to the sale or lease, to cause to be prepared by competent
26 real estate experts a land use map and plan. The authority may
27 lease or sell lands and property owned by it without going

1 through the Lands Division or in any other way complying with
2 the provisions of Title 9, Chapter 15, Article 3, Code of
3 Alabama, 1975. The authority must have duly adopted written
4 policies and procedures governing the sale or lease of the
5 property which invoke open competition and produce the best
6 price, to include obtaining an appraisal, advertising the sale
7 or lease and conducting the sale by public auction or publicly
8 sought sealed bid. No such sale or lease shall be made except
9 at public offering, on sealed bids or at auction, and upon
10 such published notice as the authority shall determine to be
11 necessary or desirable in order to attract the greatest
12 interest from prospective bidders.

13 (b) The award of any property offered for sale or
14 lease shall be made to the highest responsible bidder unless
15 all bids shall be rejected as inadequate and other public
16 offering shall be made upon notice republished as prescribed
17 above. Any sale shall be for all cash. Each deed or lease to
18 effectuate any sale or lease shall be signed in the name of
19 the authority by its president, to which the seal of the
20 authority shall be affixed and attested by its secretary.

21 (c) The proceeds of each sale or lease of any such
22 property shall be used first to pay the reasonable and
23 necessary expenses of the sale or lease, and the balance
24 remaining shall be paid to the State Treasurer and held by him
25 in a special account and disbursed on order of the authority
26 for any one or more of the following purposes:

1 (1) To acquire land for, and to construct,
2 reconstruct, renovate, repair, maintain and equip one or more
3 facilities; or

4 (2) To pay for such services, goods, repairs,
5 renovations, construction, demolition, or other activities in
6 or about facilities as may be deemed necessary by the board of
7 the authority in the exercise of its sole discretion, to
8 further the purposes of the authority or the department,
9 including developing of a master plan for the use of the real
10 or personal property that is owned by or which may be acquired
11 by the authority for its statutory purposes, the preparation
12 for sale or lease, or the preservation of, facilities or
13 excess unimproved property owned for the authority; or

14 (3) To pay the principal of, and interest on, its
15 bonds at maturity or upon refunding or redemption.

16 (d) The department will maintain all facilities not
17 being used for the purposes designated in Section 12-2-1(6),
18 and designated for sale, lease, demolition or other
19 disposition, so long as title thereto is held by the
20 authority, to enable the authority to achieve the best
21 possible price or other result upon the sale, lease or other
22 disposition thereof.

23 (e) Upon request of the authority the department
24 shall convey to the authority any real and personal property
25 to which the department holds title and acquired with proceeds
26 of the authority's bonds or income thereon.

1 Section 6. Section 40-8-3, Code of Alabama 1975, is
2 amended to read as follows:

3 "§40-8-3.

4 There is hereby levied for the purpose and upon the
5 property hereinafter named and not specifically exempted from
6 taxation annual taxes, as follows:

7 (1) For the maintenance of the public schools of
8 this state, \$.30 on each \$100 of the assessed value of taxable
9 property.

10 (2) For the relief of needy Confederate soldiers and
11 sailors, resident citizens of Alabama and their widows, and to
12 secure the obligations of the Alabama Corrections Institution
13 Finance Authority as provided in Title 14, Chapter 2, \$.10 on
14 each \$100 of the assessed value of taxable property of which
15 one percent of the gross amount collected will be expended by
16 the Alabama Historical Commission to provide for capital
17 improvements and maintenance at the Confederate Memorial Park
18 at Mountain Creek, Chilton County, Alabama.

19 (3) For the use of the state and to raise revenue
20 therefor, \$.25 on each \$100 of the assessed value of taxable
21 property.

22 Section 7. Section 38-4-12, Code of Alabama 1975, is
23 amended to read as follows:

24 "§38-4-12.

25 (a) Except as provided in subsection (b), there is
26 appropriated, beginning with the fiscal year ending September
27 30, 1998, ~~to the state department, for old age pension~~

1 ~~purposes,~~ out of the proceeds from the levy of the one mill
2 tax ~~for the relief of needy Confederate soldiers and sailors~~
3 ~~and their widows,~~ a sum not to exceed \$20,773,500 annually of
4 the surplus or residue from the tax after the payment in full
5 of the pensions to the widows of Confederate soldiers and
6 sailors to the state department, for old-age pension purposes,
7 a sum equal to the amount necessary to pay the principal of
8 and interest on bonds issued by the Alabama Corrections
9 Institution Finance Authority as and to the extent provided in
10 Section 14-2-21, other charges against the fund set out in the
11 laws authorizing the payment of the pensions to the widows,
12 and annually to the Department of Revenue, as a first charge
13 against the proceeds of the one mill tax, funds for the annual
14 costs of the Department of Revenue for administering the tax.
15 In making this appropriation, it is declared to be the
16 legislative policy that the Department of Human Resources
17 shall expend its portion of the surplus or residue hereby
18 appropriated and all moneys received by it from the federal
19 government as matching funds for all funds expended for
20 Confederate pensions or as matching funds for the surplus or
21 residue hereby appropriated under this section, for old age
22 pension purposes exclusively insofar as is possible under
23 existing laws and the rules and regulations of the federal
24 government and of the Department of Human Resources in regard
25 thereto, before any part thereof may be expended for any other
26 purposes of the Department of Human Resources.

1 (b) Beginning with the fiscal year ending September
2 30, 1997, all of the remaining surplus or residue from the tax
3 provided in (a) above, after deducting the amounts
4 appropriated to the Department of Human Resources and the
5 Department of Revenue under the annual appropriations act for
6 the fiscal year ending September 30, 1997, and under
7 subsection (a) of this section for each year thereafter, is
8 hereby appropriated to the State Veterans' Assistance Fund to
9 be expended for veterans' programs approved by the State Board
10 of Veterans' Affairs, including expenditures for emergencies
11 and needs in the state's veterans' nursing homes.

12 Section 8. The provisions of this act are severable.
13 If any part of this act is declared invalid or
14 unconstitutional, that declaration shall not affect the part
15 which remains.

16 Section 9. This act shall become effective
17 immediately following its passage and approval by the
18 Governor, or its otherwise becoming law.