NOTE: At the time of the vote, the Legislature did not have an available copy of the bill text as voted on. For your convenience, Vote Smart staff has created this updated version of the bill by incorporating changes made by published Committee Reports and/or Amendments into the available text. This updated version accurately reflects the state of the bill as voted on.

FLOOR SUBSTITUTE FOR SB287

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

This bill would require the Department of Corrections to consolidate facilities for certain male inmates.

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

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

A BILL TO BE ENTITLED AN ACT

To amend Sections 14-2-1, 14-2-6, 14-2-12, 14-2-13.1, 14-2-14, 14-2-16, 14-2-19, 14-2-21, 14-2-28, and 14-2-34, relating to the Alabama Corrections Institution Finance Authority, to allow the Authority to issue up to $800 million in bonds or other forms of funding deemed optimal for the project with no specified maturity date later than 30 years for the purpose of financing the construction of women's and regional
prison facilities, renovating existing prison facilities, and demolishing obsolete prison facilities; and to allow the Authority to design, construct, finance, lease, and maintain, or any combination thereof, women's and regional prison facilities using various types of agreements; to require the Department of Corrections to consolidate facilities for certain male inmates; to authorize the Authority to dispose of property not required for Department of Corrections purposes; to require reporting to the Joint Legislative Prison Committee; to further provide for actions to be taken upon payment of all bonds issued by the Authority; to amend Section 40-8-3, relating to allocation of the proceeds of the one mill ($0.10 on each $100 of assessed value) tax provided therein as a second and third priority security for the Authority's bonds; to amend Section 38-4-12 relating to the priority of the use of the one mill tax; and to define certain terms. BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

Section 2. The Legislature finds all of the following: (1) Many of the state’s current prison facilities were constructed decades ago; (2) The age and design of the facilities are causing many inefficiencies in the operation of the prison system, including increasing costs of maintaining and repairing the facilities, increasing costs of transporting inmates from prisons to medical care facilities, increasing correctional and support staff costs because of the geographic disparity of the system and the antiquated design of the prison facilities, and increasing medical costs due to inefficiencies
in delivering medical services to inmates; (3) Many of these higher costs could be reduced by constructing women's and regional prison facilities designed to house a larger number of inmates; (4) The purpose of this act is to allow the Alabama Corrections Institution Finance Authority to issue bonds for the purpose of financing the construction of women's and regional prison facilities and for other purposes; and (5) In order to achieve the most advantageous interest rates and borrowing costs for the bonds it is necessary to secure them with an additional source of payment.

Section 3. The Alabama Corrections Institution Finance Authority shall report to the Joint Legislative Prison Committee on any plans for the demolition or disposal of any existing prison facilities pursuant to this act. In addition, the Department of Corrections shall report to the Joint Legislative Prison Committee and the Chairmen of the House Ways and Means General Fund Committee and the Senate Finance and Taxation General Fund Committee on the operational savings directly realized as a result of the consolidation of prisons pursuant to this act. This operational savings report shall be made annually beginning on the date on which the first bond payment is due, and continuing until all bonds authorized by this act have matured, been redeemed, or are otherwise no longer outstanding. Prior to the issuance of any bonds authorized by this act, the Department of Corrections and the Division of Construction Management shall prepare a report that includes, but is not limited to, cost analysis and project feasibility. This report shall be provided to the authority, the Joint Legislative Prison Committee, 11 and all members
of the Legislature. By the twenty-fifth legislative day of the 2017 Regular Session, the Legislature shall approve or reject the report. If the report is rejected, no bonds shall be let and no project shall be built.

Section 4. Sections 14-2-1, 14-2-6, 14-2-12, 14-2-13.1, 14-2-14, 14-2-16, 14-2-19, 14-2-21, 14-2-28, and 14-2-34, Code of Alabama 1975, are amended to read as follows:

"§14-2-1.

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

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

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

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

(4) STATE. The State of Alabama.

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

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

a. Prisons;

b. Buildings and enclosures for housing, containing or supervising prisoners; and
c. Any facilities necessary or useful in connection with prisons, buildings or enclosures, including, without limiting the generality of the foregoing, hospitals, offices, correctional officers’ quarters and residences, warehouses, garages, storage facilities, abattoirs, cold storage plants, canning plants, laundries and manufacturing plants for the employment of prison labor.

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

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

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

(10) REGIONAL PRISON FACILITY. A prison facility designed to house at least 3,500 inmates with a construction project cost of at least $100 million dollars procured by the bond issue.
(11) WOMEN'S PRISON FACILITY. A prison facility designed and constructed to house female inmates and intended to replace the existing Julia Tutwiler Prison for Women.

§14-2-6. "The applicants named in the application and their respective successors in office shall constitute the members of the authority. The Governor shall be the president of the authority, the Commissioner of Corrections shall be the vice-president of the authority and the Director of Finance shall be the secretary of the authority. In addition, one member of the House of Representatives appointed by the Speaker of the House and one member of the Senate appointed by the President Pro Tempore of the Senate shall be members of the authority. The State Treasurer shall be the treasurer and custodian of the funds of the authority, but shall not be a member of the authority. The members of the authority shall constitute all the members of the board of directors of the authority, which shall be the governing body of the authority. A majority of the members of the said board of directors shall constitute a quorum for the transaction of business. Should any person holding any state office named in this section cease to hold such office by reason of death, resignation, expiration of his term of office or for any other reason, then his successor in office shall take his place as a member, officer or director, as the case may be, of the authority. No member, officer or director of the authority shall draw any salary in addition to that now authorized by law for any service he may render or for any duty he may perform in connection with the authority. No member, officer, director or employee of the authority shall be personally liable for any debt, obligation or liability of the
authority.

"§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 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 total additional bonds authorized by this subsection shall not exceed $60 million.

(c) In addition to any other authorization provided in this chapter, 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 of sites, construction, reconstruction, alteration,
demolition, and improvement of facilities, including but not limited to women's prison facilities and regional prison facilities and for the procurement and installation of equipment therefor. The total additional bonds authorized by this subsection shall not exceed $800 million. Bonds authorized by this subsection shall be sold as provided in Section 14-2-16. The authority shall hire or contract with businesses or individuals which reflect the racial and ethnic diversity of the state, and the authority shall hire or contract with attorneys, fiscal advisors, trustees, paying agents, investment bankers, banks, and underwriters which reflect the racial and ethnic diversity of the state.

The bonding authority provided herein must file a report, in concise, simple language to each legislator between the first and the twelfth legislative day of each legislative session which shall reflect the date of the issuance of the bonds, total amount of the bonds, maturity date, schedule of payments, including interest and principal, amount of attorney fees, architect fees and bond attorney fees, discount points and all other costs incurred in the issuance of and sale of the bonds herein authorized, and to what person, firm, corporation, company or other entity to which any such fees or money is to be or has been paid.

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

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

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


It is hereby further provided that no refunding bonds as provided for by Section 14-2-13 shall be issued unless the present value of all debt service on the refunding bonds (computed with a discount rate equal to the true interest rate of the refunding bonds and taking into account all underwriting discount and other issuance expenses) shall not be greater than 95% of the present value of all debt service on the bonds to be refunded (computed using the same discount rate and taking into account the underwriting discount and other issuance expenses originally applicable to such bonds) determined as if such bonds to be refunded were paid and retired in accordance with the schedule of maturities (considering mandatory redemption as a scheduled maturity) provided at the time of their issuance. Provided further that the average maturity of the refunding bonds, as measured from the date of issuance of such refunding bonds, shall not exceed by more than three years the average maturity of the bonds to be refunded, as also measured from such date of issuance, with the average maturity of any principal amount of bonds to be determined by multiplying the principal of each maturity by the number of years (including any fractional part of a year) intervening between such date of issuance and each such maturity, taking the sum of all such products, and then dividing such sum by the aggregate principal amount of bonds for which the average maturity is to be determined.
§14-2-14.

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

§14-2-16.

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

"§14-2-19.
(a) All proceeds derived from the sale of any bonds, except refunding bonds, sold by the authority, remaining after payment of the expenses of issuance thereof, shall be turned over to the State Treasurer, shall be carried in a special account to the credit of the authority, and shall be subject to be drawn on by the authority solely for the purposes of:
(1) Acquiring land for and constructing, reconstructing and equipping thereon one or more facilities, including, but not limited to, one or more women's prison facilities and one or more regional prison facilities.
(2) Constructing additional improvements on property currently owned by the Department of Corrections or the authority in order to provide for additional bedspace;

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

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

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

The balance of the said proceeds thereafter remaining, unless required for the construction of other facilities by the authority as shall be determined by resolution of its board of directors within six months after completion of the facilities for which the bonds were issued, shall be set aside as additional security for the bonds or shall be used to pay, purchase or redeem bonds as may be provided in the proceedings authorizing their issuance. The reasonable and necessary expenses incident to the construction of any facility shall, if deemed advisable by the authority, include all or any part of the expense of providing temporary facilities, during the construction of a new facility, for any penal or correctional institution facility which is demolished or rendered unserviceable as such.
(b) All proceeds from the sale of refunding bonds issued by the authority that remain after paying the expenses of their issuance may be used only for the purpose of refunding the principal of and any unpaid and accrued interest on the outstanding bonds of the authority for the refunding of which the refunding bonds are authorized to be issued, together with any premium that may be necessary to be paid in order to redeem or retire such outstanding bonds.

"§14-2-21.

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

1. The rent and revenue for the use of one or more facilities of the authority;

2. The net rent or sale proceeds from the Kilby property;

3. Any bond proceeds remaining unexpended upon completion of all facilities to be constructed with such bond proceeds and the payment of the cost thereof;

4. Any insurance proceeds which the authority may receive by reason of its ownership of any of the facilities; and

5. Any mortgage upon or security interest in one or more facilities of the authority, granted in connection with the issuance of such bonds; and

6. Operational savings realized from the consolidation of prison facilities as a result of this amendatory act.

(b) To such extent and to such extent only as the revenues described in subsection (a) of this section may not be sufficient to pay at their
respective maturities the principal of and interest on the bonds of the authority, there is irrevocably pledged and appropriated, as a second priority security, so much of the portion of the net proceeds of the one mill tax allocated to the Department of Human Resources under Section 38-4-12 as may be necessary, when added to the amounts described in subsection (a) of this section, for the purpose of providing funds to enable the authority to pay at their respective maturities and due dates the principal of and interest on the bonds that may be issued by it under this article at any time. The revenues pledged by this subsection shall be limited to the payment of debt service on the bonds authorized by this amendatory act, including debt service on any refunding bonds issued to refund the bonds authorized by this amendatory act.

(c) To such extent and to such extent only as the revenues described in subsections (a) and (b) of this section may not be sufficient to pay at their respective maturities the principal of and interest on the bonds of the authority, there is irrevocably pledged and appropriated, as a third priority security, so much of the net proceeds of the one mill tax allocated under Section 38-4-12 to the State Veterans' Assistance Fund to be expended for veterans' programs approved by the State Board of Veterans' Affairs as may be necessary, when added to the amounts described in subsections (a) and (b) of this section, for the purpose of providing funds to enable the authority to pay at their respective maturities and due dates the principal of and interest on the bonds that may be issued by it under this article at any time. The revenues pledged by this subsection shall be limited to the payment of debt service on the bonds authorized by this
amendatory act, including debt service on any refunding bonds issued to refund the bonds authorized by this amendatory act.

(d) In the event that revenues pledged by subsection (b) or (c) of this section are used to pay debt service on bonds authorized by this amendatory act, including debt service on refunding bonds issued to refund the bonds authorized by this amendatory act, the Legislature shall provide for the reimbursement of the amount used for those debt service payments to the Department of Human Resources and the Veterans' Assistance Fund.

(e) The authority shall have authority to transfer and assign any lease of any of the facilities and any lease or mortgage of the Kilby property as security for the payment of such principal, premium, if any, and interest. The bonds may be issued under, and secured by, a resolution which may, but need not, provide for an indenture of trust covering one or more facilities of the authority. Such resolution or such indenture of trust may contain any provision or agreement customarily contained in instruments securing evidences of indebtedness, including, without limiting the generality of the foregoing, provisions respecting the collection and application of any receipts pledged to the payment of bonds, the terms to be incorporated in lease agreements respecting the facilities, the maintenance and insurance thereof, the creation and maintenance of reserve and other special funds from such receipts and the rights and remedies available in the event of default to the holders of the bonds or to the trustee for the holders of the bonds or under any indenture of trust, all as the authority may deem advisable.
and as shall not be in conflict with the provisions of this chapter; provided, however, that in making such agreements or provisions the authority shall not have the power to obligate itself except with respect to its facilities, the Kilby property and the application of the receipts which it is authorized in this chapter to pledge.

(f) For each fiscal year in which the department, under a lease agreement with the authority, is required to pay rent to the authority in an amount at least equal to the annual debt service on bonds issued pursuant to the act adding this amendatory language, the department, from the amount appropriated to it in each annual general fund appropriations act, shall pay the rent payments as a first priority expenditure, and all other expenditures of the department for each fiscal year shall be adjusted accordingly.

"§14-2-28.

(a) Except as provided in subsection (b), all facilities constructed by the authority shall be constructed according to plans and specifications of architects or engineers, or both, selected by the department. Such plans and specifications shall be approved by the department and by the commission. All work in the construction of facilities, or any part thereof, which is determined by the commission to be suitable and proper for construction by prison labor under force account shall be performed by such prison labor under such supervision and directions as shall be ordered by the department. All construction of facilities or any part thereof which the commission shall determine not to be suitable and proper for construction by prison labor shall be
done under the supervision and direction of the commission following award for each part of the work to the lowest responsible bidder after advertising for, receipt and public opening of sealed bids. Each such invitation for bids and the bidding documents applicable thereto shall be so arranged that any alternates shall constitute cumulative deductions from the base bid rather than additions thereto. In determining the lowest bidder if funds are insufficient to construct the facility on the lowest base bid, then the commission may proceed to consider the bids upon the basis of the base bids of all bidders minus the respective reductions stated for the first alternate. If the lowest bid so determined is not then within the funds available, the commission shall proceed to consider the base bid minus the first and second alternates together to determine the lowest bid and in like manner throughout all alternates, if need be, so that in no event shall there be any discretion as to which alternate or alternates will be used in determining the lowest responsible bidder. If no bid deemed acceptable by the commission and the authority is received, all bids may be rejected, in which event bids may again from time to time be invited and acted on as provided in this section. All such contracts shall be lump sum contracts. All contracts for the entire work on a facility shall be awarded at the same time, but notice to proceed may be withheld until prior work under another contract has progressed to a point where the joint or following work can best be coordinated for the earliest completion of the entire project in a sound and workmanlike manner. Each contract shall be executed by the authority upon the determination of the commission as to the lowest bidder. Payments
made by the authority under the construction contracts shall be upon the contractor's written sworn request only if endorsed as approved by the commission or in any lesser amount the commission shall endorse as having been then earned on said contract. After the contracts for a facility have been awarded, such construction cost estimate shall be revised and all extras on the contracts shall be awarded within the funds available. The authority shall pay to the commission as a part of the cost of constructing the facility such sums for the services of its employees as may be mutually agreed between the department and the commission.

(b) All projects awarded using bond proceeds authorized by this act shall comply with the provisions of Title 39, except for the construction of regional prison facilities. In constructing, reconstructing, or renovating regional prison facilities, the authority may enter into contracts or agreements with private parties using alternative project delivery methods, including but not limited to design-build, design-build-finance, construction management at risk or public-private partnerships, pursuant to which the design, construction, financing, leasing, and maintenance, or any combination thereof, is accomplished on behalf of the authority by the private party. Regional prison facilities may be individually or jointly awarded using alternative delivery methods if determined by the authority that doing so is in the best interest of the state, and the authority shall report its findings to the Joint Legislative Prison Committee. Before construction proposals are developed and evaluated, project requirements shall be established by expert professionals selected by and working directly for the authority. The
Division of Construction Management of the Department of Finance shall establish a project management team that includes, but is not limited to, in-house staff, design professionals, consulting firms, and other experts, and shall develop competitive qualification-based selection policies and procedures for the procurement of contracts or agreements through alternative project delivery methods, including, but not limited to, proposal content, selection criteria, prequalification, applicant interview, proposal evaluation, proposal negotiation, selection and award which will be outlined in each request for proposal. Notwithstanding any provision of law to the contrary, proposals under this section with respect to regional prison facilities that the Authority determines can be more efficiently accomplished by alternative project delivery methods may be evaluated and awarded by the Authority based on the qualifications of participants or best value, or both, as evaluated by the procedures of the Division of Construction Management and taking into consideration the best interest of the State of Alabama. Selection for design and construction contracts shall be based on the bidder's qualifications and best value offered in each bidder's response to project requirements, as established by the authority. The authority is strongly encouraged to award contracts or agreements under the provisions of this subsection that reflect the racial and ethnic diversity of the state. In evaluating and awarding contracts, the authority shall develop and utilize selection criteria giving preference to proposals that include participation by resident contractors and subcontractors and participation by minority contractors, in addition to other quality and performance criteria. All
architects and engineers who prepare plans and specifications for these prison facilities shall be duly licensed in the State of Alabama.

The successful proposer shall retain resident design professionals that include subsurface investigations,
surveying, environmental, civil engineering, electrical engineering, mechanical engineering, structural engineering, and architects familiar with the local project conditions for each project. Notwithstanding the foregoing, each contract entered into pursuant to this act shall require the contractor of the design-build portion of the prison facility contract to comply with Section 39-1-1.

"§14-2-34.

When all bonds and securities issued by the authority and all obligations assumed by it under the provisions of this chapter shall have been paid in full, the then president of the authority shall thereupon execute and deliver in the name of, and in behalf of, the authority an appropriate deed or deeds, to which the seal of the authority shall be affixed and attested by the secretary of the authority, conveying all facilities and other assets then owned by the authority to the state, except that no such conveyance shall be required if the president of the authority determines that the issuance of additional bonds to finance additional facilities or improvements to existing facilities is contemplated. The then officers and directors of the authority may, in their discretion, at such time file with the Secretary of State a written statement, subscribed and sworn to by each of them, reciting the payment in full of all bonds theretofore issued by the authority and the execution and delivery of such deed or deeds, which statement shall be filed by the Secretary of State and recorded with the certificate of incorporation of the authority, and thereupon the authority shall stand dissolved.

Section 5. (a) Separate and apart from the power granted to the
authority in regard to the Kilby property in Section 14-2-26 and 14-2-27, and in addition to those powers, the authority shall have the power to sell, convey and lease all or any part of any real and personal property now or hereafter owned by it, together with the improvements thereon and ancillary thereto, that is not being used by the department as a facility, and the sale of which will not impair the outstanding obligations of the authority, and as an aid to the sale or lease, to cause to be prepared by competent real estate experts a land use map and plan. The authority may lease or sell lands and property owned by it without going through the Lands Division or in any other way complying with the provisions of Title 9, Chapter 15, Article 3, Code of Alabama, 1975. The authority must have duly adopted written policies and procedures governing the sale or lease of the property which invoke open competition and produce the best price, to include obtaining an appraisal, advertising the sale or lease and conducting the sale by public auction or publicly sought sealed bid. No such sale or lease shall be made except at public offering, on sealed bids or at auction, and upon such published notice as the authority shall determine to be necessary or desirable in order to attract the greatest interest from prospective bidders.

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

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

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

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

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

(d) The department will maintain all facilities not being used for the purposes designated in Section 14-2-1(6), and designated for sale, lease, demolition or other disposition, so long as title thereto is held by the authority, to enable the authority to achieve the best possible price or other result upon the sale, lease or other disposition thereof.

(e) Upon request of the authority the department shall convey to the
authority any real and personal property to which the department holds title and acquired with proceeds of the authority's bonds or income thereon.
Section 6. Upon the three regional prison facilities for male inmates becoming operational, the department shall consolidate all operations housing medium or higher custody level male inmates into not more than six independent facilities. This limitation shall not apply if the future male inmate population increases above one hundred twenty-five percent (125%) of design capacity.

Section 7. Prior to the closing of a prison or correctional facility, the Department of Corrections shall consider whether the facility has any bonded indebtedness that a governmental entity has undertaken or incurred to serve the existing facility.

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

"$40-8-3.

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

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

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

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

Section 9. Section 38-4-12, Code of Alabama 1975, is amended to read as follows: "§38-4-12.

(a) Except as provided in subsection (b), there is appropriated, beginning with the fiscal year ending September 30, 1998, to the state department, for old-age pension purposes, out of the proceeds from the levy of the one mill tax for the relief of needy Confederate soldiers and sailors and their widows, a sum not to exceed $20,773,500 annually of the surplus or residue from the tax after the payment in full of the pensions to the widows of Confederate soldiers and sailors to the state department, for old-age pension purposes,

a sum equal to the amount necessary to pay the principal of and interest on bonds issued by the Alabama Corrections Institution Finance Authority as and to the extent provided in Section 14-2-21, other charges against the fund set out in the laws authorizing the payment of the pensions to the widows, and annually to the Department of Revenue, as a first charge against the proceeds of the one mill tax, funds for the annual costs of the Department of Revenue for administering the tax. In making this appropriation, it is declared to be the legislative policy that the Department of Human Resources shall expend its portion of the surplus or residue hereby appropriated and all moneys received by it from the federal government as matching funds for all funds expended for Confederate pensions or as matching funds for the surplus or residue hereby
appropriated under this section, for old age pension purposes exclusively insofar as is possible under existing laws and the rules and regulations of the federal government and of the Department of Human Resources in regard thereto, before any part thereof may be expended for any other purposes of the Department of Human Resources.

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

Section 10. (a) Beginning January 3, 2017, and every six months thereafter until the annual reports begin on the date on which the first bond issue payment is due, the Commissioner of the Department of Corrections shall prepare a report on the progress of prison construction activities in the state during the previous six-month period. The report shall include, but not be limited to, expenditures, savings, cost-analyses, and the number of agreements entered into, including design-build, construction, architectural, and legal agreements.

(b) The Commissioner of the Department of Corrections shall report his or her findings to the Joint Legislative Prison Committee, the House Ways and Means General Fund Committee, the Senate Committee on
Finance and Taxation General Fund, and any other appropriate House and Senate Standing Committee.

Section 11. 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 12. This act shall become effective immediately following its passage and approval by the Governor, or its otherwise becoming law.