“Development of Small Business Lending Funds in Alabama”

Thomas B. Solomon,
Executive Director
Southeast Alabama Regional Planning & Development Commission
Dothan, AL.
Development of Revolving Loan Funds in Alabama:

• **1987**- Concept of RLF’s First Discussed by Regional Planning & Development Councils; Led by Fred Dykes of SEARP&DC;

• **1988**- Guidance Contributed by Three Rivers Planning & Development District, Randy Kelley (MS); South Georgia RDC, John Leonard (GA); East Alabama Regional Planning & Development Commission, Bill Curtis (AL);

• **NADO** Provided Helpful Guidance in State RLF Development;

• **1988-1989**- RLF Funding Bill Passed by the Alabama Legislature; Governor Guy Hunt Did Not Sign into Law;
Development of Revolving Loan Funds in Alabama:

• **1990-** RLF Bill Passed in Legislature Again, Governor Hunt Allows It To Become Law Without His Signature; **Act 90-650** Established RLF’s in Alabama Administered by Regional Commissions/Councils of Government;

• **3 Regional Councils**: Alabama Tombigbee RPC; Northwest Alabama COG and Southeast Alabama RPC Are the Initial Grantees Establishing $750,000 RLF’s ($250,000 State Grant Used to Match $500,000 Economic Development Administration (EDA) Grants
Development of Revolving Loan Funds in Alabama:

- **1991-1996** - Regional Staff Training (NDC/EDFP Certification) U of Oklahoma (EDI)- RLF Loan Programs Began Lending Operations;
- Other Alabama Regional COGS Obtained State & EDA Grants to Establish RLF Programs;
- Regions Established Relationships with Private Sector Lenders – Most Loaned Out All Available Funds;
- **1997** - Need to Find *Innovative Method* to Recapitalize RLF Small Business Loan Funding
RLF Recapitalization:  
State Bond Issue No. 1

• **1997**- Fred Dykes of SEARP&DC Introduced Concept of a **State Revenue Bond Issue** to Recap Regional RLF’s;

• Revenue Bonds Would be Repaid From **Cellular Telecommunication Services Tax**, With **No New Tax** Placed Upon the Citizens of the State;

• Cellular Telecommunication Services Tax Was Growing at a Rapid Pace with the Growth of Cell Phones;
RLF Recapitalization: State Bond Issue No. 1

- **1998**- Original RLF Bond Issue: **$12 Million**
  Issued Through Alabama RLF Bond Authority;
- $1 Million Allocated to 12 Regions in State;
- Alabama Senate Bill 5 Passed on a 34-0 Vote; House Bill Passed on a 97-0 Vote;
- Signed into Law by Governor Fob James in March, 1998;
- Required a **Constitutional Amendment** to be Passed by the Citizens of Alabama;
RLF Recapitalization:
State Bond Issue No. 1

• **1998- “Amendment No. 1”** Passed by a **60%** Margin on the November General Election Ballot;

• **2000-** Each Region Received $980,000 for RLF Recapitalization;

• **2000-2006-** RLF Lending Activity Expanded, with Several Regions Lending Out All Available RLF Loan Capital;

• **2006-** Alabama Regions Seek Increase of Up to **$24 Million and Second RLF Bond Issue**;

EDFS Panel Presentation August 23, 2011
RLF Recapitalization: State Bond Issue No. 2

• Senate Bill 244 Passed In Alabama Senate on May 3, 2007 & Alabama House on May 31, 2007; Increased Bond Ceiling to $24 Million

• Act 2007-279- Signed into Law by Governor Bob Riley on June 6, 2007;

• RLF Bonds Were Not Sold Until End of Governor Riley’s Term in Office in December 2010;

• March 2011- 2nd State RLF Bond Issue Completed with All COGS Receiving $937,837.00
GROWTH OF ALABAMA MOBILE TELECOMMUNICATION SERVICES TAX COLLECTIONS: FY 1998-2010

- $19.5 M
- $108.9 M
ALABAMA MOBILE TELECOMMUNICATION SERVICES
TAX REVENUE ALLOCATION: 2010

General Fund:

Education Trust Fund:

RLF Bond Debt Service:
Alabama Association of Regional Councils
Loan Funds
(as of 6/30/2011)

$62,383,788
$195,533,914
$90,050,881
$59,235,160
$344,819,955
$407,203,743

$ Loaned: $ Bank $ Leveraged: $ Owner Equity $ Other $ Leveraged: $ Total $ Leveraged: $ Total Project Cost:
Economic Impact:
Alabama Regional Loan Funds
(through 6/30/2011)

Jobs Created/Retained: 14,187
$ Cost Per Job: $4,397

Source: AARC
Thomas B. Solomon, Executive Director
Southeast Alabama Regional Planning and Development Commission
P.O. Box 1406, Dothan, AL. 36302
(334) 794-4093 Ext. 1417
tsolomon@searpdc.org