

OTHER ALABAMA FINANCIAL ASSISTANCE

STATE ECONOMIC DEVELOPMENT LOAN PROGRAM

Alabama's Economic Development Loan Fund can be used for the purchase of land, buildings, machinery and equipment by qualified manufacturing and industrial enterprises. There is a \$400,000 limit per project, which can be used to finance up to 40% of the project cost. Interest rates are normally around prime with terms of 5 to 15 years.

Loans received through this program are normally used as subordinated gap financing. The project must be located in a community which does not directly receive community development block grant funds from the Federal government and may require personal guarantee of the owner. At least one new job must be created for every \$10,000 investment of fund dollars, with at least 51% of these employees coming from low to moderate income households.

STATE ECONOMIC DEVELOPMENT INFRASTRUCTURE GRANT PROGRAM

Eligible local governments may apply for State Economic Development Grants to provide the public infrastructure needed for the location of a new or expanding business. This public infrastructure may include water lines, sewer lines, and access roads. Grants generally are capped at \$200,000 per project. Since these are grants, no interest rates or terms apply.

The proposed project must not involve the intrastate relocation of a business, except when necessitated due to inadequacies at the existing location and results in a greater number of jobs. The grant program requires the creation of 15 or more new or additional jobs.

APPALACHIAN REGIONAL COMMISSION GRANT

The Appalachian Regional Commission (ARC) provides supplemental funding for economic development projects under its Area Economic and Human Resources Development Program. These funds, which can supplement other Federal funds, can be used to reduce local matching requirements up to 20% of the project costs. Eligible activities include the building of access roads, water and sewer systems, rail spurs and dock facilities.

Grant funds may not be used for any form of electric power transmission or land acquisition costs. No speculative projects are considered. Factors to be considered in an application include the number of new jobs to be created, the history of the firm, and total capital investment. Thirty-five northern Alabama counties are within the eligible ARC region.

WALLACE PLAN FOR LINKED DEPOSITS

The Wallace Plan for Linked Deposits is a public/private partnership to stimulate economic growth and development in the state. The State Treasurer links State deposits to individual loans made to eligible businesses or farmers by Alabama banks or savings and loan associations. The financial institution pays the State a lower rate on the deposits, and charges a corresponding lower rate to the borrower. The resulting rate may be as much as 3 points below conventional rates.

The use of linked deposits must result in the creation of jobs. The discounted rate applies only to the first two years of the loan. The funds can be used for a broad variety of needs including the acquisition of land; buildings and equipment; repairs and renovations; rent, utilities and other operating expenses; or wages and inventory.

STATE INDUSTRIAL SITE PREPARATION GRANTS

Grants can be made to counties, municipalities, local industrial development boards, airport authorities, and other public corporations to pay a portion of site improvement costs on land held by the entity to aid industrial development.

The grants are limited to new and expanding industrial and manufacturing concerns. Grants may be used for land surveys, grading, drainage, and access improvement for specific sites. The amount of the grant is dependent upon the total expenses for construction and equipment.

ALABAMA POWER COMPANY PROMOTIONAL BUILDING LOAN PROGRAM

Alabama Power Company established a program to support the statewide development of available quality buildings. The loan program draws on a limited fund from which the Economic Development Department is authorized to make interest-free loans to qualified Industrial Development Boards or Authorities. Financing is available for up to 70% of the total structural cost of the building, which must be evidenced by a bond issued by the applicant and secured by a mortgage of the site and building in favor of Alabama Power Company.

OTHER FEDERAL AND COMMERCIAL SOURCES

The goal of Alabama's industrial financing programs is to tailor a package that meets the specific needs of each individual business. To attain that goal, Alabama's development agencies help businesses in seeking opportunities available under loan and grant programs sponsored by the Small Business Administration (SBA) and the Economic Development Administration (EDA). Additionally, as situations dictate, they help businesses find the right lender among Alabama's many commercial sources, which collectively have more than \$32 billion in total assets.