PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 3, 2024

NEW ISSUE - BOOK ENTRY ONLY

RATINGS:
Moody's: Aa1 (stable outlook)
S&P: AA (stable outlook)
Fitch: AA+ (stable outlook)
See "Ratings" herein

In the opinion of Bond Counsel, subject to the limitations set forth herein, under existing law and assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the federal alternative minimum tax. In the opinion of Bond Counsel, under existing law, interest on the Bonds is exempt from income taxation imposed by the State of Alabama. See "TAX MATTERS" herein.

ALABAMA PUBLIC SCHOOL AND COLLEGE AUTHORITY

$32,855,000*
Capital Improvement Pool Bonds
Series 2024-A

Dated: Date of Delivery | Due: As shown on the inside cover hereof

FOR MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS, SEE INSIDE COVER

Interest on the Bonds described above will be payable on each March 1 and September 1, beginning March 1, 2025. The Bonds will be issued as fully registered bonds and, when issued, will be fully registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form, in denominations of $5,000 or any integral multiple thereof. Except as herein described, purchasers will not receive certificates representing their beneficial interests in the Bonds. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal and interest will be made directly to DTC or to such nominee, provided that the payment of the principal of the Bonds shall be made only upon surrender of such Bonds at the office of the State Treasurer of the State of Alabama. Disbursement of such payments to Direct Participants (as defined herein) is the responsibility of DTC, and disbursements of such payments to the beneficial owners is the responsibility of Direct Participants and Indirect Participants (as defined herein) of DTC, all as more fully described herein.

The Bonds are subject to redemption prior to maturity to the extent and on the terms described herein.

The Bonds are special limited obligations of Alabama Public School and College Authority (the "Authority") payable, as to both principal and interest, solely out of certain revenues pledged to the payment of the Bonds, subject and subordinate to the pledge thereof in favor of certain obligations incurred by the Authority, but prior and superior to any pledge made in favor of obligations hereafter authorized. The Bonds do not constitute obligations of the State of Alabama, and the full faith and credit of the State or any political subdivision thereof are not pledged for payment of the principal of and interest due on the Bonds.

BIDS FOR THE PURCHASE OF THE BONDS WILL BE RECEIVED AS DESCRIBED IN THE NOTICE OF SALE ATTACHED HERETO AS APPENDIX C AT 9:30 A.M., CENTRAL TIME, ON SEPTEMBER 10, 2024.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE BONDS. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Balch & Bingham LLP, Birmingham, Alabama, Bond Counsel to the Authority. It is expected that the Bonds in definitive form will be available for delivery through DTC in New York, New York, on about September 26, 2024.

The date of this Official Statement is __________ __, 2024.

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* Preliminary; subject to change.

Alabama Public School and College Authority
$32,855,000*
Capital Improvement Pool Bonds
Series 2024-A

Maturity (September 1)	Principal Amount*	Interest Rate	Yield	CUSIP
2025	$1,100,000			
2026	1,040,000			
2027	1,090,000			
2028	1,145,000			
2029	1,205,000			
2030	1,265,000			
2031	1,325,000			
2032	1,395,000			
2033	1,465,000			
2034	1,535,000			
2035	1,615,000			
2036	1,695,000			
2037	1,780,000			
2038	1,865,000			
2039	1,960,000			
2040	2,060,000			
2041	2,160,000			
2042	2,270,000			
2043	2,385,000			
2044	2,500,000			

All Bonds priced to produce the yield indicated.

* Preliminary; subject to change.

STATE OF ALABAMA

ALABAMA PUBLIC SCHOOL AND COLLEGE AUTHORITY

MEMBERS

Kay Ivey, President
Governor

Eric G. Mackey, Vice President
State Superintendent of Education

Bill Poole, Secretary
State Director of Finance

STATE TREASURER

Young Boozer

BOND COUNSEL

Balch & Bingham LLP
Birmingham, Alabama

FINANCIAL ADVISOR

PFM Financial Advisors LLC
Huntsville, Alabama

CERTAIN INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT HAS BEEN OBTAINED BY THE AUTHORITY FROM DTC AND OTHER SOURCES THAT ARE DEEMED RELIABLE. NO REPRESENTATION OR WARRANTY IS MADE, HOWEVER, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION BY THE UNDERWRITER, THE FINANCIAL ADVISOR, OR THE AUTHORITY.

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE AUTHORITY OR THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE AUTHORITY OR THE BONDS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON, IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT HAS BEEN PROVIDED BY THE AUTHORITY, THE STATE OF ALABAMA, AND BY OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ITS ACCURACY OR COMPLETENESS, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OR PROMISE BY THE UNDERWRITER.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, AND NOTHING CONTAINED IN THIS OFFICIAL STATEMENT IS OR SHALL BE RELIED UPON AS A PROMISE OR REPRESENTATION BY THE UNDERWRITER. THIS OFFICIAL STATEMENT IS BEING USED IN CONNECTION WITH THE SALE OF SECURITIES AS REFERRED TO HEREIN AND MAY NOT BE USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE. THE DELIVERY OF THIS OFFICIAL STATEMENT AT ANY TIME DOES NOT IMPLY THAT INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

The Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws, and neither the Securities and Exchange Commission nor any state regulatory agency will pass upon the accuracy, completeness or adequacy of this Official Statement.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of the Bonds.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact and no representation is made that any of such estimates will be realized.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create an implication that there has been no change in the affairs of the Authority since the date hereof. The delivery of this Official Statement does not imply that the information contained herein is correct on any date subsequent to the date of this official statement.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE AUTHORITY HAS NO CONTROL OVER THE TRADING OF THE BONDS AFTER THEIR SALE BY THE AUTHORITY.

Information regarding reoffering yields or prices included in this Official Statement is the responsibility of the Underwriter.

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OFFICIAL STATEMENT

of

ALABAMA PUBLIC SCHOOL AND COLLEGE AUTHORITY

relating to its

$32,855,000*
Capital Improvement Pool Bonds
Series 2024-A

INTRODUCTION

This Official Statement, which includes the cover page and the appendices hereto, is being distributed by the Alabama Public School and College Authority (the "Authority"), a public corporation and instrumentality of the State of Alabama (the "State"), organized pursuant to the provisions of Act No. 243 enacted at the 1965 First Special Session of the Legislature of Alabama, codified as Chapter 16 of Title 16 of the Code of Alabama 1975, as amended (the "1965 Act"), to furnish information about the Authority, the State and the issuance of the Authority's $32,855,000* Capital Improvement Pool Bonds, Series 2024-A (the "Bonds"). The members of the Authority consist of the Governor, the State Superintendent of Education and the State Director of Finance. Each term used herein but not otherwise defined herein is used as defined in the Resolution hereinafter referred to.

The Bonds are being issued pursuant to the authorization contained in Act No. 98-373, enacted at the 1998 Regular Session of the Alabama Legislature (the "1998 Act"), the authorization contained in Act No. 2009-813 enacted at the 2009 Regular Session of the Legislature of Alabama (the "2009 Act"), and the bond resolution adopted by the Board of Directors of the Authority at a meeting thereof held on September 5, 2024 (the "Resolution").

Proceeds of the Bonds will be used to make loans to local boards of education in the State of Alabama in order to finance capital improvements approved by the Authority and the State Superintendent of Education. The loans to participating local boards of education will be evidenced by obligations issued by such local boards in favor of the Authority payable solely from such local boards' respective allocable shares of the Capital Outlay Funds or local revenues available to such boards. **Although the Authority expects that the loan payments from the participating local boards of education will be approximately equal to and may be used for the payment of debt service on the Bonds, such loan payments will not be pledged as security for the Bonds, and holders of the Bonds will have no recourse against such loan payments or the Capital Outlay Funds or local revenues from which such loan payments are to be made.** See "THE BONDS – Sources and Uses of Funds" and "THE BONDS – Purpose - Plan of Financing Loans" below.

Bids for the purchase of the Bonds will be received as described in the Notice of Sale attached hereto as Appendix C at 9:30 a.m., Central Time, on September 10, 2024.

The Bonds will not constitute general obligations of the Authority or a charge against the general credit or taxing powers of the State of Alabama or any political subdivision thereof. The Bonds will be limited obligations of the Authority payable solely from and secured by a pledge and assignment of the proceeds of certain taxes levied by the State of Alabama as more fully described herein (the "Pledged Revenues") after deducting therefrom such amounts of such proceeds as may be necessary to pay principal and interest on all obligations heretofore issued by the Authority and presently outstanding. See "SOURCES OF PAYMENT OF THE BONDS" and "CERTAIN SOURCES OF PAYMENT SUBJECT TO PRIOR PLEDGES." The pledge of the Pledged Revenues in favor of the Bonds shall be superior to the pledge thereof in favor of bonds or other obligations hereafter authorized to be issued by the Authority.

* Preliminary; subject to change.

The Bonds are subject to optional redemption, scheduled mandatory redemption and/or mandatory non-origination redemption at the times and under the circumstances set forth herein. See "THE BONDS - Redemption Provisions."

The Bonds are being offered in the denomination of $5,000 or any multiple thereof and may be transferred and exchanged subject to certain terms and conditions set forth herein. The Authority has covenanted to the Underwriter to undertake certain continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission in connection with the Bonds. See "CONTINUING DISCLOSURE."

DEFINITIONS OF CERTAIN TERMS

The following words, phrases and other terms evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, have the following respective meanings:

"**1965 Act**" means Act No. 243 enacted at the 1965 First Special Session of the Alabama Legislature, codified as Title 16, Chapter 16, Code of Alabama 1975, as amended, pursuant to which the Authority was organized.

"**1998 Act**" means Act No. 98-373, enacted at the 1998 Regular Session of the Legislature of Alabama.

"**2009 Act**" means Act No. 2009-813, enacted at the 2009 Special Session of the Legislature of Alabama.

"**Authority**" means the Alabama Public School and College Authority, a public corporation and instrumentality of the State, organized and existing under the provisions of the 1965 Act.

"**Authorizing Acts**" means the 1998 Act and the 2009 Act.

"**Authorized Denomination**" means a denomination of $5,000 or any multiple thereof.

"**Bondholder**" means a Holder of any of the Bonds.

"**Bond Register**" means the register or registers for the registration and transfer of Bonds maintained for the Authority at the office of the Paying Agent.

"**Bonds**" means the Authority's $32,855,000[*] Capital Improvement Pool Bonds, Series 2024-A, authorized by the Resolution.

"**Business Day**" means any day other than (a) a Saturday, Sunday or legal holiday or (b) a day on which the office of the State Treasurer is authorized to be closed.

"**Capital Outlay Bonds**" means those bonds issued by the Authority for the purpose of financing grants for capital improvements for public schools and institutions of higher learning in the State.

"**Capital Outlay Funds**" means the funds distributed to local boards of education from the Public School Fund for capital purposes pursuant to Section 16-13-234, Code of Alabama, 1975, as amended.

"**Code**" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"**Debt Service**" means the principal, premium (if any) and interest payable on the Bonds.

[*] Preliminary; subject to change.

"**Defaulted Interest**" means any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date.

"**DTC**" means the Depository Trust Company, New York, New York

"**Education Trust Fund**" means the State's Education Trust Fund, formerly designated as the Alabama Special Educational Trust Fund, the name of which was changed to the Education Trust Fund, effective October 1, 1996, into which the Pledged Taxes, along with various other taxes and revenues, are paid and from which the State appropriates money for the benefit of public schools and higher education in Alabama.

"**Holder**", when used with respect to a Bond, means the person in whose name such Bond is registered on the Bond Register pertaining to the Bonds.

"**Interest Payment Date**" means each March 1 and September 1, commencing March 1, 2025.

"**Paying Agent**" means the State Treasurer, in his or her capacity as paying agent for the Bonds.

"**Pledged Revenues**" means those portions of the receipts from the Pledged Taxes that are, pursuant to the Authorizing Acts and the Resolution, pledged for payment of the principal of, premium, if any, and interest on the Bonds.

"**Pledged Taxes**" means the Utility Gross Receipts Tax, the Utility Service Use Tax, the Sales Tax and the Use Tax.

"**Prior Lien Bonds**" means any bonds heretofore issued by the Authority that are secured by a pledge of the Pledged Revenues made prior to the pledge made in the Resolution.

"**Public School Fund**" means the fund held by the State into which the State's 3 mill property tax is paid and from which the Capital Outlay Funds are apportioned and distributed.

"**Redemption Price**" means with respect to any Bond the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of the Resolution.

"**Regular Record Date**" means the 15th day (whether or not a Business Day) of the month preceding an Interest Payment Date.

"**Resolution**" means the resolution adopted by the Authority on September 5, 2024, which provides for the issuance of the Bonds.

"**Sales Tax**" means the excise tax levied by Division 1 of Article 1 of Chapter 23 of Title 40 of the Code of Alabama 1975, as amended, with respect to the sale of tangible personal property in the State and as may otherwise be described therein.

"**School Board Loan Bonds**" means those bonds issued by the Authority for the purpose of financing loans to local boards of education in the State.

"**State**" means the State of Alabama.

"**State Treasurer**" means the person at any time lawfully serving as the State Treasurer of the State.

"**Use Tax**" means the excise tax levied by Article 2 of Chapter 23 of Title 40 of the Code of Alabama 1975, as amended, with respect to the storage, use or other consumption in the State of tangible personal property and as may otherwise be described therein.

"**Utility Gross Receipts Tax**" means the excise tax levied by Article 3 of Chapter 21 of Title 40 of the Code of Alabama 1975, as amended, with respect to the furnishing of utility services in the State by utilities.

"**Utility Service Use Tax**" means the excise tax levied by Article 4 of Chapter 21 of Title 40 of the Code of Alabama 1975, as amended, with respect to the storage, use or other consumption of utility services in the State.

THE BONDS

General Provisions

The Bonds will be dated the date of their delivery and will mature on the dates and in the amounts and years set forth on the inside of the cover page hereof. The Bonds will bear interest at the applicable per annum rates set forth on the inside of the cover page hereof. Bonds of the same maturity will bear interest at the same rate. Interest on the Bonds shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest on the Bonds will be payable on each March 1 and September 1, beginning March 1, 2025. If any payment of interest or principal on the Bonds is due on a day that is not a Business Day, then payment will be made on the next succeeding Business Day with the same force and effect as if made on the date fixed for such payment, and no interest shall accrue for the period after such date. The Bonds will be numbered separately from R1 upward.

Method and Place of Payment

The Bonds will be issued in book-entry only form, as described below under "Book-Entry Only System" and the method and place of payment will be as provided in the book-entry only system. The principal and interest on the Bonds will be payable by the Paying Agent to Cede & Co., as described below. The provisions set forth in this section below will apply in the event that the use of the book-entry only system for the Bonds is discontinued.

Payment of interest due on the Bonds on each Interest Payment Date will be made by warrant, check or draft mailed on such Interest Payment Date to the persons who were registered Holders of the Bonds on the Regular Record Date for such Interest Payment Date. Payment of the principal of (and premium, if any, on) the Bonds and payment of accrued interest due upon redemption on any date other than an Interest Payment Date will be made only upon surrender of the Bonds at the office of the Paying Agent in Montgomery, Alabama.

Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Record Date solely by virtue of such Holder having been such Holder, and such Defaulted Interest shall be paid by the Authority to the persons in whose names such Bonds are registered at the close of business on a special record date (herein called a "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Authority shall notify the Paying Agent of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Paying Agent to comply with the next sentence hereof), and at the same time the Authority shall deposit with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subsection provided. Thereupon the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Paying Agent of the notice of the proposed payment. The Paying Agent shall promptly notify the Authority of such Special Record Date and, in the name and at the expense of the Authority, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of a Bond at his address as it appears in the Bond Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names such Bonds are registered on such Special Record Date.

Registration and Exchange

The method for registration and exchange of the Bonds will be as provided in the book-entry only system. The provisions set forth in this section below will apply in the event that the use of the book-entry only system for the Bonds is discontinued.

The Bonds are transferable only on the bond register maintained at the office of the Paying Agent. Upon surrender of a Bond to be transferred, properly endorsed, a new Bond of the same maturity will be issued to the designated transferee.

The Bonds will be issued in denominations of $5,000 or any integral multiple thereof and, subject to the provisions of the Resolution, may be exchanged for a like aggregate principal amount of Bonds, of the same maturity and any authorized denomination, as requested by the holder surrendering the same. No service charge shall be made for any transfer or exchange, but the Authority may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Authority and the Underwriter believe to be reliable, but neither the Authority nor the Underwriter take responsibility for the accuracy or completeness thereof. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

The Bonds will be issued as fully-registered bonds in the name of Cede & Co., as nominee of DTC, as registered owner of the Bonds. Purchasers of such Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as all of the Bonds are in the custody of DTC, references to Bondholders or Holders shall mean DTC or its nominee.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Bonds Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are expected, however, to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price and interest payments on the Bonds will be made by the Paying Agent to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

THE AUTHORITY, THE PAYING AGENT AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE BONDS, (II) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NEITHER THE AUTHORITY, NOR THE PAYING AGENT, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS, OR TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS, ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE INDENTURE, THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF PARTIAL REDEMPTION OF THE BONDS WITH RESPECT TO LESS THAN ALL OF THE BONDS, OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDHOLDER.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Sources and Uses of Funds

The following table sets forth the Authority's estimate of the sources and uses of funds respecting the Bonds:

Sources:	
Principal amount of Bonds	$
Net Original Issue Premium / Discount	
Total Sources	$
Uses:	
Deposit to Loan Fund (established by the Resolution)	$
Costs of issuance (including underwriter's discount, legal fees, and other costs and expenses)	
Total Uses	$

Purpose – Plan of Financing Loans

The Bonds are being issued pursuant to the authorization contained in the Authorizing Acts. These provisions permit local boards of education to leverage their respective shares of the Capital Outlay Funds to be distributed each year from the Public School Fund or local revenues available to such boards for capital purposes. The proceeds of the Bonds will be loaned to certain specified local boards of education in order to finance capital improvements approved by the Authority and the State Superintendent of Education. Ten (10) local boards of education have requested loans to be funded from proceeds of the Bonds. Such loans to participating local boards of education will be evidenced by obligations issued by such local boards of education in favor of the Authority which will be payable solely from such local boards' respective allocable shares of the Capital Outlay Funds and/or local revenues available to such boards. **ALTHOUGH THE AUTHORITY EXPECTS THAT THE LOAN PAYMENTS FROM THE PARTICIPATING LOCAL BOARDS OF EDUCATION WILL BE APPROXIMATELY EQUAL TO AND MAY BE USED FOR PAYMENT OF DEBT SERVICE ON THE BONDS, SUCH LOAN PAYMENTS WILL NOT BE PLEDGED AS SECURITY FOR THE BONDS AND HOLDERS OF THE BONDS WILL HAVE NO RECOURSE AGAINST SUCH LOAN PAYMENTS OR THE CAPITAL OUTLAY FUNDS OR LOCAL REVENUES FROM WHICH SUCH LOAN PAYMENTS ARE TO BE MADE.**

Redemption Provisions

Optional Redemption. Those of the Bonds having stated maturities on September 1, 2035, and thereafter, may be redeemed at the option of the Authority, in whole or in part, and if in part those to be redeemed to be selected by the Authority at its discretion, on any date on or or after September 1, 2034, at a Redemption Price equal to 100% of the principal amount redeemed plus accrued interest to the redemption date.

If less than all the Bonds are to be redeemed pursuant to the aforesaid optional redemption provisions, the principal amount of Bonds of each maturity to be redeemed may be specified by the Authority by written notice to the Paying Agent not less than 60 days before the date fixed for redemption (unless a shorter notice is acceptable to the Paying Agent), or, in the absence of timely receipt by the Paying Agent of such notice, shall be selected by the Paying Agent by lot or by such other method as the Paying Agent shall deem fair and appropriate in its sole discretion; provided, however, that the principal amount of Bonds of each maturity to be redeemed must be in an Authorized Denomination. If less than all Bonds with the same maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by the Paying Agent by lot or by such other method as the Paying Agent shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Bonds of such maturity of a denomination larger than the smallest Authorized Denomination.

[Scheduled Mandatory Redemption of Term Bonds due September 1, 20__. Those of the Bonds having a stated maturity on September 1, 20__, shall be subject to mandatory redemption and payment, and the Authority shall redeem and pay such Bonds, at and for a Redemption Price, with respect to each such Bond or portion thereof redeemed, equal to the principal amount thereof plus accrued interest to the date fixed for redemption (those to be redeemed to be selected by the Paying Agent by lot) but only in the following aggregate principal amounts on September 1 in the following years:

Year	Amount Required to be Redeemed
20__	$
20__	
20__	
20__	
20__ (maturity)	

In the event that the Authority shall have partially redeemed the Bonds having a stated maturity in 20__ or shall have provided for a partial redemption of such Bonds in such a manner that the Bonds for the redemption of which provision is made are considered as fully paid, the Authority may elect to apply all or any part (but only in integral multiples of $5,000) of the principal amount of such Bonds so redeemed or to be redeemed to the reduction of the principal amount of Bonds required to be redeemed pursuant to the schedule set forth immediately above on any March 1 coterminous with or subsequent to the date such optional or extraordinary mandatory non-origination redemption actually occurs.]

Mandatory Non-Origination Redemption. The Bonds are subject to extraordinary mandatory non-origination redemption, by the Authority, upon the advice of nationally recognized bond counsel, (1) at any time during the 90-day period following September 26, 2025, and (2) at any time during the 90-day period following September 26, 2027, in whole or in part, at a Redemption Price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, to the extent such redemption is required to comply with the Tax Increase Prevention and Reconciliation Act of 2005 (the "2005 Act").

The 2005 Act requires the Authority to redeem Bonds if the amount of net proceeds used to make loans to ultimate borrowers as of certain dates is less than the requirements of the Act. Specifically, the 2005 Act requires that at least thirty percent (30%) of the net proceeds of the Bonds be used to make loans as of the close of the one-year period beginning on the date of issuance of the Bonds and that at least ninety-five percent (95%) of the net proceeds of the Bonds be used to make loans as of the close of the three-year period beginning on the date of issuance of the Bonds (the "2005 Act Loan Origination Requirement"). If, as of such dates, the amount of net proceeds used to make loans is less than the required percentage, the Authority is required to redeem Bonds in an amount equal to the difference between the amount of net proceeds required to be used under the 2005 Act as of such date and the amount of net proceeds actually used to make loans. The Bonds have been structured based on the loan amounts requested by the local boards of education that have applied to participate in the plan of finance of the Bonds and do not contain any proceeds for borrowers that have not specifically applied for a loan. The loans to the local boards of education will not be closed until after the date of issuance of the Bonds. The Bonds are only being issued to fund amounts that have been specifically requested by local boards of education. Although the Authority expects each of the local boards of education to close a loan in the amount requested, should any of the local boards of education that have requested a loan fail to close the loan or elect to reduce the amount borrowed, mandatory non-origination redemption could be required.

To date, the Authority has complied with the 2005 Act Loan Origination Requirement for all bonds subject to the 2005 Act heretofore issued by the Authority and no such redemptions have been required.

General Provisions. Any redemption of Bonds will be made upon not more than 60 nor less than 30 days' notice by first class mail to the holders of Bonds to be redeemed at the address shown on the register maintained on behalf of the Authority.

The Resolution provides that Bonds of a denomination larger than the smallest Authorized Denomination ($5,000) may be redeemed in part, and upon partial redemption, such Bonds shall be surrendered to the Paying Agent in exchange for one or more new Bonds in authorized form for the unredeemed portion of principal.

Any Bond (or portion thereof) which is to be redeemed must be surrendered to the Paying Agent for payment of the Redemption Price. Bonds (or portions thereof) duly called for redemption will cease to bear interest after the redemption date, unless the Authority defaults in payment of the Redemption Price.

THE AUTHORITY; THE EDUCATION TRUST FUND; OUTSTANDING BONDS

General

The discussion under this heading does not pertain specifically to the Bonds being offered by this Official Statement, but rather is intended to provide information relevant to all outstanding bonds of the Authority. A careful reading of the information contained under this heading will facilitate an understanding of the information with respect to the Bonds presented in this Official Statement. Further information respecting the Authority is presented elsewhere in this Official Statement and in the Comprehensive Annual Financial Report of the State of Alabama. This report may be obtained from the State website at http://www.comptroller.alabama.gov.

The Authority

In 1959, the Legislature determined that additional funds were needed to fund construction of capital improvements to public schools and institutions of higher education in the State and determined that it was necessary to create a new financing mechanism to provide state-wide assistance to schools and institutions for educational purposes. The Legislature authorized the creation of the Alabama Education Authority as a public corporation with the power to issue bonds to provide funds to school boards and institutions of higher education for capital improvements. With court approval, bonds were issued for those purposes.

In 1965, the State determined that a new public corporation should be created with expanded powers and revenues to meet the increasing needs of public schools and institutions of higher education for capital improvement funds. The Alabama Public School and College Authority was created, the directors being the Governor, the State Superintendent of Education and the State Director of Finance.

Education Trust Fund

The State has maintained since at least 1959 a special fund generally referred to as the Education Trust Fund in order to segregate and account for taxes and revenues earmarked and designated for educational purposes. The Education Trust Fund is the largest operating fund of the State into which taxes and revenues of the State are deposited. Amounts deposited to the Education Trust Fund are used for the support, maintenance and development of public education in Alabama, debt service and capital improvements relating to educational facilities, and other functions related to educating the State's citizens. Programs and agencies supported by the Education Trust Fund include K-12 education, public library services, performing and fine arts, the State's education regulatory departments, and two and four-year colleges and universities. Funding from the Education Trust Fund is also provided to non-state agencies that provide educational services to the people of Alabama, including the arts, disease counseling and education, and youth development. Ten tax sources are allocated to the Education Trust Fund, the largest of which are the individual and corporate income taxes, sales taxes, utility taxes and use taxes. See "APPENDIX A – Certain Information Regarding the State of Alabama – Receipts, Disbursements, Taxes and Revenues – State Taxes and Other Major Sources of Revenues and Income" herein for further information.

Rolling Reserve Act

In March 2011, the Legislature passed and the Governor signed into law The Education Trust Fund Rolling Reserve Act (as amended, the "Rolling Reserve Act"). The Rolling Reserve Act is designed to reduce the risk of proration in the State's education budget. Proration in the Education Trust Fund occurs when budgeted education spending must be cut mid-year due to lower-than-expected revenues. The education budget process has historically been based on projecting the annual change in Education Trust Fund revenues. The sources of revenue that fund the Education Trust Fund are highly sensitive to changes in the economy and the range of total revenues varies widely from year to year. As a result, accurately projecting the Education Trust Fund revenues each year in order to prepare a workable education spending budget has been difficult. The inability to make accurate revenue projections has led to increased instances of proration in the education budget.

The Rolling Reserve Act caps the education spending at the lesser of (i) an amount equal to the total recurring revenues deposited into the Education Trust Fund in the last completed fiscal year grossed up by the average growth rate based on the 15 most recently completed fiscal years (excluding the highest and lowest years from the calculation) (the "Fiscal Year Appropriation Cap") and (ii) an amount equal to 106.5% of the base appropriation for the fiscal year ending September 30, 2024 (and declining 0.25% each year until fiscal year 2027 at which point the amount is 105.75% of the base appropriations for the 2027 fiscal year and for each fiscal year thereafter) of the Education Trust Fund appropriations for the then current fiscal year that were enacted in a prior legislative session, excluding reversions reappropriated and any supplemental appropriations (the "Secondary Spending Limit"). If new recurring revenue measures are enacted that will be deposited into the Education Trust Fund, or if existing revenue sources are amended to increase the amount of money deposited into the Education Trust Fund, for the first time during the year for which the Fiscal Year Appropriation Cap is being calculated, then 95 percent of the amount projected in the enacted fiscal note accompanying the legislative act creating the new recurring revenue shall be added or subtracted as a part of the Fiscal Year Appropriation Cap for such fiscal year. If a recurring revenue source to the Education Trust Fund is removed or reduced during the year for which the Fiscal Year Appropriation Cap is being calculated, the negative impact, based on the enacted fiscal note, of the removal or reduction of the recurring revenue shall be included in the calculation of the Fiscal Year Appropriation Cap for such fiscal year. Certain nonrecurring revenues are also added or subtracted as a part of the calculation of the Fiscal Year Appropriation Cap for the fiscal year in which the nonrecurring revenue is deposited into the Education Trust Fund.

Pursuant to the Rolling Reserve Act and Section 260.02 to the State Constitution, the State Finance Director and the Legislative Fiscal Officer are each required to estimate the Fiscal Year Appropriation Cap, the Secondary Spending Limit and the available revenue for the Education Trust Fund at the beginning of each regular session of the Legislature. If the average estimated available revenue is less than the Fiscal Year Appropriation Cap or the Secondary Spending Limit, the Legislature may not appropriate more than lesser of the average estimated available revenue, the Fiscal Year Appropriation Cap or the Secondary Spending Limit. The budget process required by the Rolling Reserve Act was implemented beginning with the 2013 fiscal year budget and has evolved to the current process through subsequent legislation.

Under the Rolling Reserve Act, Education Trust Fund revenues over and above the budgeted amount are to be transferred to the Education Trust Fund Rainy Day Account (the "Rainy Day Account") until the Rainy Day Account has been reimbursed in full for any prior withdrawals. The Rainy Day Account currently gives the State the power to temporarily transfer money from the Alabama Trust Fund to prevent proration of the Education Trust Fund, but the money must be reimbursed within 6 years of its transfer. There is not currently an amount outstanding to be repaid to the Education Trust Fund Rainy Day Account.

Once the Rainy Day Account has been fully repaid, any remaining revenues will either remain in the Education Trust Fund and be treated as nonrecurring revenues or transferred to the following savings accounts established by the Rolling Reserve Act: the Education Trust Fund Budget Stabilization Fund (the "Budget

Stabilization Fund”), the Education Trust Fund Advancement and Technology Fund (the “Advancement and Technology Fund”) and the Educational Opportunities Reserve Fund (the “Educational Opportunities Reserve Fund”). Money in the Budget Stabilization Fund may be withdrawn only to prevent proration in the Education Trust Fund. If any excess revenues remain in the Education Trust Fund at the end of a fiscal year, and the Rainy Day Account has been repaid in full, an amount up to 1% of the prior year’s appropriations shall be transferred to the Budget Stabilization Fund annually until the Budget Stabilization Fund reaches 10% of the prior year’s total appropriations from the Education Trust Fund. If any such excess revenues remain after the transfer described in the preceding sentence, 50% of such remaining funds are to be transferred to the Advancement and Technology Fund (not to exceed $1 billion in any fiscal year), 20% of such excess remaining revenues are to be transferred to the Educational Opportunities Reserve Fund and the balance of the remaining excess revenues are to remain in the Education Trust Fund as nonrecurring revenues. The Advancement and Technology Fund was established for repairs and deferred maintenance of public education facilities, capital outlay, instructional support, insuring facilities, certain transportation purposes, school security measures and purchasing education technology and equipment. Moneys in the Advancement and Technology Fund shall not be used for the payment of debt service. The Educational Opportunities Reserve Fund was established to provide moneys for one-time funding for the following purposes: to offset a reduction in revenues to the Education Trust Fund that could negatively impact funding for budgeted obligations from the Education Trust Fund for the current fiscal year as certified by the Director of Finance and the Legislative Fiscal Officer; (2) to provide funding for unanticipated obligations, and to sustain required programmatic increases for existing obligations paid from the Education Trust Fund in the event of a change in economic conditions; (3) to provide funding to maintain prior year appropriation levels if the computation of the Fiscal Year Appropriation Cap or Secondary Spending Limit is less than Education Trust Fund base appropriations for the previous fiscal year, not to exceed the difference between the two figures; and (4) for start-up transitional support for initiatives that provide access to enhanced educational opportunities to all public K-12 or higher education students in the State. Amounts in the Educational Opportunities Reserve Fund shall not be appropriated for any of the following purposes: repairs or deferred maintenance for facilities, capital outlay, pay raises or bonuses for educational personnel or retirees, or to provide educational support for ongoing expenditures other than as specified in the preceding sentence; provided, funds may be appropriated to maintain Foundation Program State funding in extraordinary situations. At the end of fiscal year 2023, remaining revenues totaled $2,872,972,462. Of that amount, $353,975,000 was transferred to the Education Opportunities Reserve Fund, and the rest remains in the Education Trust Fund as nonrecurring revenues.

Outstanding Bonds

(a) **Source of Payment and Lien Position.** The outstanding bonds previously issued by the Authority and the Bonds authorized by the Authorizing Act are not general obligations of the Authority, nor are they obligations of the State or any political subdivision thereof. Such bonds are payable solely from, and are secured by, an irrevocable pledge of the revenues from certain taxes. There are some differences in the sources of payment among the several outstanding series of bonds of the Authority. The Bonds are payable solely out of the net proceeds from the Pledged Taxes.

The bonds issued by the Authority are not issued as parity bonds but rather occupy a lien position as to taxes and revenues pledged for payment of all bonds of the Authority in the order in which the bonds are issued. For example, bonds issued by the Authority for the purpose of refunding previously issued bonds occupy a lien position reflecting the date of the refunding issue.

(b) **Categories of Bonds.** The Authority is, under present law, authorized to issue three types of bonds:

(i) **Capital Outlay Bonds.** The Authority frequently issues bonds for capital improvements to public schools and institutions of higher education. Those bonds ("Capital Outlay Bonds") are authorized to be issued from time to time pursuant to authority granted to the Authority by separate acts of the Legislature for designated recipients and designated amounts specified in the acts under which the bonds are authorized to be issued. The proceeds of Capital Outlay Bonds are used to provide grants to the recipients. See Table I under "CERTAIN SOURCES OF PAYMENT SUBJECT TO PRIOR PLEDGES" for a description of the Capital Outlay Bonds that will be outstanding when the Bonds are authorized.

(ii) **School Board Loan Bonds.** Pursuant to the 1998 Act, the Authority was authorized to issue bonds ("School Board Loan Bonds") without express limit as to principal amount to finance loans to local boards of education in the State. Prior to the enactment of the 1998 Act, local boards of education could not leverage capital funds from the State. This program was intended to allow boards of education to finance larger capital projects up-front rather than pay for capital improvements on a pay-as-you-go basis. The School Board Loan Bonds are secured by the same taxes pledged for Capital Outlay Bonds, and it was anticipated lower borrowing costs to the local boards of education would result from having the funds provided by the Authority in lieu of local financing.

Each local board of education receiving a loan from proceeds of School Board Loan Bonds is required to issue its warrant to the Authority at an interest rate agreed to by the Authority and the local board of education and approved by the State Superintendent of Education. The warrants issued to the Authority by the local boards of education are not general obligations of the local boards of education but are payable solely from the distributions of Capital Outlay Funds made to such local boards of education from the Public School Fund pursuant to Section 16-13-234, Code of Alabama 1975, as amended or from local revenues available to such boards. Each local board of education is required to pay its pro rata share of the issuance expenses incurred in connection with the issuance by the Authority of School Board Loan Bonds. The amounts received by the Authority from repayment of loans made with proceeds of School Board Loan Bonds are not pledged to the payment of the School Board Loan Bonds, although the Authority expects that the loan payments received from the participating local boards of education will be approximately equal to and will be used to pay debt service on the School Board Loan Bonds issued to fund such loans.

The School Board Loan Bonds are payable solely out of the revenues from the Pledged Taxes. While the revenues from Pledged Taxes pledged to Capital Outlay Bonds are likewise pledged to the School Board Loan Bonds, the Authority has not paid any debt service on the School Board Loan Bonds from amounts deposited in the Education Trust Fund since the inception of the program. Instead, debt service on the School Board Loan Bonds has been paid from amounts received by the Authority from repayment of loans made to participating local boards of education. The Bonds offered by this Official Statement will be School Board Loan Bonds. See Table I under "CERTAIN SOURCES OF PAYMENT SUBJECT TO PRIOR PLEDGES" for a description of other School Board Loan Bonds that will be outstanding when the Bonds are authorized.

(iii) ***2010/2012 Act School Board Loan Bonds***. Pursuant to Act No. 2010-551, enacted at the 2010 Regular Session of the Legislature (the "2010 Authorizing Act"), and Act No. 2012-562 enacted at the 2012 Regular Session of the Legislature (the "2012 Authorizing Act"), the Authority was authorized to issue bonds ("2010/2012 Act School Board Loan Bonds") in the aggregate principal amount of up to $175,000,000 for the renovation of existing school facilities and construction of new school facilities of local boards of education in Madison County and other areas of north Alabama particularly affected by the United States Department of Defense's 2005 Base Realignment and Closure process (in connection with such renovation and construction, the Authority is to make loans to such local boards of education). The 2010/2012 Act School Board Loan Bonds are secured by the same taxes pledged for Capital Outlay Bonds and School Board Loan Bonds.

Each local board of education receiving a loan from proceeds of 2010/2012 Act School Board Loan Bonds was required to issue its warrant to the Authority at an interest rate agreed to by the Authority and the local board of education and approved by the State Superintendent of Education and in a principal amount to provide payments equal to fifty percent (50%) of the semi-annual debt service payments on the sum received by the local board of education. In contrast, each local board of education receiving a loan from proceeds of School Board Loan Bonds under the 1998 Authorizing Act is required to issue its warrant to the Authority in an amount to provide payments equal to one hundred percent (100%) of the semi-annual debt service payments on the sum received by the local board of education.

The warrants issued to the Authority by the local boards of education are not general obligations of the local boards of education but are payable from funds available to such boards of education for payment of debt service. The amounts received by the Authority from repayment of loans made with proceeds of 2010/2012 Act School Board Loan Bonds are not pledged to the payment of the 2010/2012 Act School Board Loan Bonds, although the Authority expects that the loan payments received from the participating local boards of education will be equal to and will be used to pay approximately fifty percent (50%) of the debt service on the 2010/2012 Act School Board Loan Bonds issued to fund such loans.

Bonds Statutorily Authorized But Not Issued

Except as described below, following the issuance of the Bonds there will be no bonds statutorily authorized but not issued by the Authority other than School Board Loan Bonds which, as stated above, are authorized to be issued without express limit as to principal amount, and bonds issued to refund previously issued bonds of the Authority. Under the 2010 Authorizing Act and the 2012 Authorizing Act, the Authority is authorized to issue $2,290,000 in additional 2010/2012 Act School Board Loan Bonds. Under Act No. 2012-560, enacted at the 2012 Regular Session of the Legislature (codified as Chapter 16B of Title 16 of the Code of Alabama 1975, as amended), the Authority will be authorized to issue $100,000,000 in additional Capital Outlay Bonds for the purpose of paying the costs of acquiring and maintaining computer equipment, software, and digital textbooks for public education purposes.

SOURCES OF PAYMENT OF THE BONDS

Pledged Taxes

The Bonds do not constitute obligations of the State or any political subdivision thereof, and the full faith and credit of the State are not pledged for payment of the principal thereof or the interest thereon. The Bonds are not general obligations of the Authority, nor does the Authority have any taxing power. The principal of and interest on the Bonds are payable solely from, and are secured pro rata, one with the other, by an irrevocable pledge of the following revenues, subject to the prior pledges thereof described in this Official Statement and in the order of priorities described below:

(a) **Utility Gross Receipts Tax**. All of that portion of the receipts from the Utility Gross Receipts Tax which are required to be deposited into the State Treasury to the credit of the Education Trust Fund. See "HISTORY OF THE UTILITY GROSS RECEIPTS TAX AND THE UTILITY SERVICE USE TAX;"

(b) **Utility Service Use Tax**. All of that portion of the receipts from the Utility Service Use Tax which are required to be deposited into the State Treasury to the credit of the Education Trust Fund. See "HISTORY OF THE UTILITY GROSS RECEIPTS TAX AND THE UTILITY SERVICE USE TAX;"

(c) **Sales Tax**. All of that portion of the receipts from the Sales Tax which are required to be paid into the State Treasury to the credit of the Education Trust Fund. See "HISTORY OF THE SALES AND USE TAXES" herein; and

(d) **Use Tax**. All of that portion of the receipts from the Use Tax which are required to be paid into the State Treasury to the credit of the Education Trust Fund. Act No. 2012-599 enacted at the 2012 Regular Session of the Legislature and Act No. 2015-539 enacted at the 2015 Second Special Session of the Legislature effected the transfer of certain Use Tax proceeds from the Education Trust Fund to the General Fund. See "HISTORY OF THE SALES AND USE TAXES" herein.

The Utility Gross Receipts Tax, the Utility Service Use Tax, the Sales Tax and the Use Tax are hereinafter collectively referred to as the "Pledged Taxes" and the portions of the revenues thereof described in paragraphs (a) through (d) above as being deposited into the State Treasury to the credit of the Education Trust Fund and pledged as security for the Bonds are hereinafter referred to as the "Pledged Revenues." So much of the Pledged Revenues as may be necessary for such purpose is appropriated to provide for the payment of the principal of and interest on the Bonds, in the following order of priorities:

(i) The Pledged Revenues derived from the levy of the Utility Gross Receipts Tax and the Utility Service Use Tax after deducting therefrom amounts necessary to pay at their respective maturities the principal of and interest on certain outstanding bonds of the Authority that are secured by prior pledges thereof;

(ii) To the extent that the Pledged Revenues described in the preceding subparagraph (i) are insufficient therefor, the Pledged Revenues derived from the levy of the Sales Tax, after deducting therefrom amounts necessary to pay at their respective maturities the principal of and interest on certain outstanding bonds of the Authority that are secured by prior pledges thereof; and

(iii) To the extent that the Pledged Revenues described in the preceding subparagraphs (i) and (ii) are insufficient therefor, the Pledged Revenues derived from the levy of the Use Tax, after deducting therefrom amounts necessary to pay at their respective maturities the principal of and interest on certain outstanding bonds of the Authority that are secured by prior pledges thereof.

The Resolution irrevocably pledges for payment of the principal of and interest on the Bonds so much of the Pledged Revenues as may be necessary for that purpose. See "CERTAIN SOURCES OF PAYMENT SUBJECT TO PRIOR PLEDGES" and "RISK FACTORS." The pledge so made is for the benefit of all Bonds, without preference of one over another. The Resolution further provides that the lien on the Pledged Revenues securing the Bonds may be defeased upon the deposit with the State Treasurer of moneys or Government Securities (as defined in the Resolution), the principal of and interest on which will provide funds sufficient to pay when due the principal of and interest due and to become due on the Bonds.

Additional Debt

The Resolution and the Authorizing Acts effectively provide that any pledge of the Pledged Revenues for the payment of the principal of and interest due on any bonds, including refunding bonds, issued by the Authority subsequent to the issuance of the Bonds will be subject and subordinate to the pledge of the Pledged Revenues made by the Authority for the benefit of the Bonds. The Authority may issue obligations from time to time, without limit as to amount, for any purposes for which the Authority may be authorized by the State Legislature to incur indebtedness. Such obligations may be secured by a lien on the Pledged Revenues, subject and subordinate to the lien securing the Bonds. The Authority anticipates that it will issue additional subordinated bonds in an undetermined amount from time to time in future years as and when authorized by the State Legislature.

Neither the 1965 Act, the Authorizing Acts nor the Resolution limits the ability of the State Legislature to authorize the issuance of other obligations secured by a lien on the Pledged Revenues subordinate to the lien securing the Bonds.

CERTAIN SOURCES OF PAYMENT SUBJECT TO PRIOR PLEDGES

The Education Trust Fund, established by an act of the Alabama Legislature, is a special fund which serves as a depository for revenues traditionally used for educational purposes. In addition to the portions of the Pledged Revenues previously referred to as being payable into the Education Trust Fund, all or part of the proceeds of numerous other taxes are required by law to be paid into the Education Trust Fund. The Bonds are not, however, payable from, or secured by the pledge of, any moneys payable into the Education Trust Fund other than the Pledged Revenues. The amount of taxes paid into the Education Trust Fund each year in excess of the sums needed to meet the debt service requirements of the Authority's bonded indebtedness does not constitute a sinking fund for the payment of principal of and interest on the outstanding bonded indebtedness of the Authority. Any such excess is customarily appropriated and expended for educational purposes generally.

The appropriation and pledge of the Pledged Revenues as security for the Bonds are subject to prior appropriations and pledges made for the benefit of previously issued bonds of the Authority (the "Prior Lien Bonds").

As a practical matter, the State does not prioritize debt service payments based on liens due to the varying months in which the Authority pays debt service. The legislative authorizing acts provided that pledged revenues to pay principal and interest on all bonds are set aside after Department of Revenue expenses for administrative and enforcement of the taxes are paid, but before any other expenditures of the Education Trust Fund. The series bond resolutions require the Authority to pay only principal and interest into the debt service funds on or before each interest payment date, which falls on the first of varying months depending on the bond series with the exception of the Series 2009-D which is paid quarterly on the 15th day of the last month of each quarter. The State intercepts funds from the Public School Fund for payment of School Board Loan Bonds. In practice, the Authority transfers debt service payments to the debt service funds in the month before the debt service is due to allow for timely processing of debt service payments.

The following table lists the Prior Lien Bonds that will be outstanding when the Bonds are issued.

TABLE I
Prior Lien Bonds Outstanding
(as of Issue Date of the Bonds)

Bond Series	School Board Loan Bonds[(1)]	Capital Outlay Bonds[(2)]	2010/2012 Act School Board Loan Bonds[(3)]	Total	Final Maturity	Lien Position
Capital Improvement Pool QSCBs, Series 2009-D [(4)]	$145,880,000	$ -	$ -	$145,880,000	2025	1
2010 Capital Improvement Pool QSCB Direct Loan Bonds [(5)]	154,727,000	-	-	154,727,000	2027	2
Capital Improvement Pool QZAB Bonds, Series 2011-A [(6)]	51,270,000	-	-	51,270,000	2026	3
Capital Improvement Pool Bonds, Series 2013-A	-	-	6,255,000	6,255,000	2025	4
Capital Improvement Pool Bonds, Series 2013-D	2,560,000	-	-	2,560,000	2026	5
Capital Improvement Pool Refunding Bonds, Series 2014-A	11,580,000	-	-	11,580,000	2026	6
Capital Improvement Refunding Bonds, Series 2014-B	-	202,015,000	-	202,015,000	2027	7
Capital Improvement Refunding Bonds, Series 2015-B	23,975,000	-	-	23,975,000	2029	8
Capital Improvement Pool Bonds, Series 2015-C	15,150,000	-	-	15,150,000	2030	8
Capital Improvement Pool Bonds, Series 2016-A	20,290,000	-	-	20,290,000	2036	9
Capital Improvement Pool Bonds, Series 2017-A	14,440,000	-	-	14,440,000	2037	10
Capital Improvement Pool Bonds, Series 2019-A	21,460,000	-	-	21,460,000	2039	11
Capital Improvement and Refunding Bonds, Series 2020-A	-	1,204,860,000	-	1,204,860,000	2040	12
Capital Improvement Pool Refunding Bonds, Series 2020-C	135,930,000	-	-	135,930,000	2035	12
Capital Improvement Pool Bonds, Series 2022-A	34,155,000	-	-	34,155,000	2042	13
	$631,417,000	$1,406,875,000	$6,255,000	$2,044,547,000		

[(1)] School Board Loan Bonds are expected to be paid from repayment of loans made to participating local boards of education; however, these bonds are secured by the Pledged Revenues. See "THE AUTHORITY; THE EDUCATION TRUST FUND; ROLLING RESERVE ACT – Outstanding Bonds".

[(2)] Capital Outlay Bonds are expected to be paid with Pledged Revenues. See "THE AUTHORITY; THE EDUCATION TRUST FUND; OUTSTANDING BONDS – Outstanding Bonds".

[(3)] 2010/2012 Act School Board Loan Bonds are expected to be paid, in part, from repayment of loans made to participating local boards of education; however, these bonds are secured by the Pledged Revenues.

[(4)] As of June 30, 2024, the balance in the sinking fund associated with the Capital Improvement Pool QSCBs, Series 2009-D was $123,967,722.58.

[(5)] As of June 30, 2024, the balance in the sinking fund associated with the 2010 Capital Improvement Pool QSCB Direct Loan Bonds was $111,973,347.87.

[(6)] As of June 30, 2024, the balance in the sinking fund associated with the Capital Improvement Pool QZABs, Series 2011-A was $42,591,502.42.

The actual debt service on the Prior Lien Bonds, except for outstanding obligations of the Authority for which an irrevocable escrow fund has been established for the payment of all debt service (collectively, the "Refunded Prior Lien Bonds") for each fiscal year is shown in Table III below.

The following Table II sets out the total principal amount of the Authority's bonded indebtedness outstanding as of the end of each of the State's fiscal years ended September 30, 2014 through and including September 30, 2023:

TABLE II

Total Outstanding Prior Principal Indebtedness
Payable Out of Pledged Revenues

Fiscal Year Ended September 30	Outstanding Principal Indebtedness
2014	$2,405,577,000
2015	2,225,237,000
2016	2,073,577,000
2017	1,881,414,000
2018	1,708,877,000
2019	1,530,372,000
2020	1,318,227,000
2021	2,467,957,000
2022	2,337,387,000
2023	2,187,902,000

Source: State of Alabama Comprehensive Annual Financial Reports and State of Alabama Department of Finance, fiscal years ended September 30, 2014 through 2023.

Debt Service Requirements on Prior Lien Bonds

The following table contains debt service requirements on Prior Lien Bonds that will be outstanding after the Bonds are issued (but does not include debt service on any Refunded Prior Lien Bonds). Additionally, on March 1, 2013, the federal government implemented certain automatic spending cuts referenced informally as "sequestration." Pursuant to subsequent guidance issued by the Tax-Exempt Bond Office of the Internal Revenue Service, the effects of sequestration reduced the interest subsidy payments due from the Secretary of the Treasury to all issuers of certain direct-pay tax credit bonds, including Qualified School Construction Bonds and Qualified Zone Academy Bonds beginning in the 2013 fiscal year. The interest subsidy payments are reduced by 5.7% for the fiscal year ending September 30, 2024, and interest subsidy payment reductions will be applied in future unless and until a law is enacted that cancels or otherwise impacts the sequester. The table below shows the debt service requirements for the Prior Lien Bonds net of the subsidy payments (specifically, the Series 2010 QSCBs and the Series 2011-A QZAB Bonds) without adjustment to reflect the impact of sequestration. Local boards of education customarily have paid to the Authority the amounts reflecting sequestration. However, no assurances can be given relating to future payments by the local boards of education or future payment delays from the Secretary of the Treasury. See "RISK FACTORS – Public Health Epidemics or Outbreaks" below.

TABLE III

Debt Service Requirements on Prior Lien Bonds

(in thousands)

(as of September 1, 2024)

Fiscal Year Ending Sept. 30	**Series 2009-D Bonds[1]**	**Series 2010 Bonds[2]**	**Series 2011 Bonds[3]**	**Series 2013 Bonds[4]**	**Series 2014 Bonds[5]**	**Series 2015 Bonds[6]**	**Series 2016-A Bonds**	**Series 2017-A Bonds**	**Series 2019-A Bonds**	**Series 2020 Bonds[7]**	**Series 2022-A Bonds**	**Total Debt Service on Outstanding Bonds**
2025	$10,312	$7,561	$2,568	$7,813	$82,090	$ 8,967	$2,060	$1,287	$1,925	$109,505	$2,774	$236,858
2026	8,272	7,561	2,568	1,346	75,336	8,966	2,062	1,287	1,924	115,562	2,770	227,657
2027	-	7,561	-	-	72,042	8,952	2,064	1,285	1,920	116,807	2,773	213,404
2028	-	-	-	-	-	8,954	2,064	1,286	1,924	176,169	2,770	193,167
2029	-	-	-	-	-	5,515	2,063	1,290	1,920	113,763	2,773	127,324
2030	-	-	-	-	-	2,851	2,064	1,289	1,923	113,590	2,773	124,490
2031	-	-	-	-	-	-	2,061	1,287	1,923	116,265	2,774	124,310
2032	-	-	-	-	-	-	2,062	1,286	1,920	116,255	2,771	124,294
2033	-	-	-	-	-	-	2,061	1,288	1,923	116,133	2,774	124,179
2034	-	-	-	-	-	-	2,060	1,285	1,923	100,833	2,773	108,874
2035	-	-	-	-	-	-	2,063	1,286	1,921	100,836	2,772	108,878
2036	-	-	-	-	-	-	2,060	1,286	1,922	97,508	2,771	105,547
2037	-	-	-	-	-	-	-	1,289	1,920	97,513	2,772	103,494
2038	-	-	-	-	-	-	-	1,290	1,920	97,512	2,775	103,497
2039	-	-	-	-	-	-	-	-	1,921	97,511	2,774	102,206
2040	-	-	-	-	-	-	-	-	-	97,509	2,775	100,284
2041	-	-	-	-	-	-	-	-	-	97,512	2,773	100,285
2042	-	-	-	-	-	-	-	-	-	-	2,773	2,773
Total	**$18,584**	**$22,683**	**$5,136**	**$9,158**	**$229,468**	**$44,205**	**$24,744**	**$18,021**	**$28,829**	**$1,880,783**	**$49,909**	**$2,331,521**

(1) The Series 2009-D Bonds are tax credit bonds with a stated maturity of $145,880,000 in 2025. The Authority is required to make sinking fund deposits each year in the amount of $7,591,768 referable to such bonds (all of which have been made as scheduled). The Authority has entered an investment agreement with Bayerische Landesbank ("BLB") for the investment of such sinking fund deposits, providing an investment return rate of 3.40% per annum. Debt service on Series 2009-D Bonds as shown above includes the required annual sinking fund payments plus interest on the Series 2009-D Bonds, but does not include that portion of the principal of the Series 2009-D Bonds expected to be paid from the investment agreement ($32,003,465).

(2) Includes Series 2010 QSCBs Bonds. The Series 2010 QSCBs are Qualified School Construction Bonds with a stated maturity of $154,727,000 in 2027. The Authority is required to make sinking fund deposits each year in the amount of $6,895,316.91 to provide for payment of the principal of the Series 2010 QSCBs at maturity (all of which have been made as scheduled). The Authority has entered into an investment agreement with BLB for the investment of the annual sinking fund deposits, providing an investment return rate of 3.334% per annum. The Authority expects to receive an interest subsidy on the Series 2010 QSCBs from the United States Treasury. Debt service on Series 2010 QSCBs Bonds as shown above includes the required annual sinking fund payments plus interest payable net of the interest subsidy the Authority originally expected to receive from the United States Treasury, but does not include that portion of the principal of the Series 2009-D Bonds expected to be paid from the investment agreement. The interest subsidy payments, reflected in the table, have not been prorated to reflect the impact of sequestration.

(3) Includes Series 2011-A QZAB Bonds. The Series 2011-A QZAB Bonds are Qualified Zone Academy Bonds with a stated maturity of $51,270,000 in 2026. The Authority is required to make sinking fund deposits each year in the amount of $2,568,402.10 to provide for payment of the principal of the Series 2011-A QZABs at maturity. The Authority has entered into an investment agreement with BLB for the investment of the annual sinking fund deposits, providing an investment return rate of 3.92% per annum. The Authority expects to receive an interest subsidy on the Series 2011-A QZABs from the United States Treasury. For purposes of this table, debt service on the Series 2011-A QZABs includes the required annual sinking fund payments plus interest payable on the Series 2011-A QZABs net of the interest subsidy the Authority originally expected to receive from the United States Treasury, but does not include that portion of the principal of the Series 2009-D Bonds expected to be paid from the investment agreement. The interest subsidy payments, reflected in the table, have not been prorated to reflect the impact of sequestration.

(4) Includes Capital Improvement Pool Bonds, Series 2013-A and Capital Improvement Pool Bonds, Series 2013-D.

(5) Includes Capital Improvement Pool Refunding Bonds, Series 2014-A and Capital Improvement Refunding Bonds, Series 2014-B.

(6) Includes Capital Improvement Refunding Bonds, 2015-B and Capital Improvement Pool Bonds, Series 2015-C.

(7) Includes Capital Improvement and Refunding Bonds, Series 2020-A and Capital Improvement Pool Refunding Bonds, Series 2020-C.

Debt Service Requirements on the Bonds

The following tables display the debt service requirements on the Bonds.

TABLE IV
Debt Service Requirements on Bonds*

Fiscal Year	Principal	Interest	Total
2025	$1,100,000	$ 1,528,670	$ 2,628,670
2026	1,040,000	1,587,750	2,627,750
2027	1,090,000	1,535,750	2,625,750
2028	1,145,000	1,481,250	2,626,250
2029	1,205,000	1,424,000	2,629,000
2030	1,265,000	1,363,750	2,628,750
2031	1,325,000	1,300,500	2,625,500
2032	1,395,000	1,234,250	2,629,250
2033	1,465,000	1,164,500	2,629,500
2034	1,535,000	1,091,250	2,626,250
2035	1,615,000	1,014,500	2,629,500
2036	1,695,000	933,750	2,628,750
2037	1,780,000	849,000	2,629,000
2038	1,865,000	760,000	2,625,000
2039	1,960,000	666,750	2,626,750
2040	2,060,000	568,750	2,628,750
2041	2,160,000	465,750	2,625,750
2042	2,270,000	357,750	2,627,750
2043	2,385,000	244,250	2,629,250
2044	2,500,000	125,000	2,625,000
Total	**$32,855,000**	**$19,697,170**	**$52,552,170**

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* Preliminary; subject to change.

Coverage of Total Debt Service

The following table displays the estimated coverage of annual debt service on all Prior Lien Bonds and the Bonds (but excludes debt service on all Refunded Prior Lien Bonds).

TABLE V
Estimated Coverage of Total Debt Service
($ in thousands)

Fiscal year ending September 30	Debt service on Prior Lien Bonds(1)	Debt service on the Bonds (4)	Total debt service (4)	Estimated Pledged Revenues(2)	Estimated debt service coverage (x) (3), (4)
2025	$ 236,858	$ 2,629	$ 239,487	$3,455,288	14.43
2026	227,657	2,628	230,285	3,455,288	15.00
2027	213,404	2,626	216,030	3,455,288	15.99
2028	193,167	2,626	195,793	3,455,288	17.65
2029	127,324	2,629	129,953	3,455,288	26.59
2030	124,490	2,629	127,119	3,455,288	27.18
2031	124,310	2,626	126,936	3,455,288	27.22
2032	124,294	2,629	126,923	3,455,288	27.22
2033	124,179	2,630	126,809	3,455,288	27.25
2034	108,874	2,626	111,500	3,455,288	30.99
2035	108,878	2,630	111,508	3,455,288	30.99
2036	105,547	2,629	108,176	3,455,288	31.94
2037	103,494	2,629	106,123	3,455,288	32.56
2038	103,497	2,625	106,122	3,455,288	32.56
2039	102,206	2,627	104,833	3,455,288	32.96
2040	100,284	2,629	102,913	3,455,288	33.57
2041	100,285	2,626	102,911	3,455,288	33.58
2042	2,773	2,628	5,401	3,455,288	639.75
2043	0	2,629	2,629	3,455,288	1,314.30
2044	0	2,625	2,625	3,455,288	1,316.30
Total	**$2,331,521**	**$52,555**	**$2,384,076**		

Note (1) From Table III. Does not include any outstanding Prior Lien Bonds that have been refunded and for which an irrevocable escrow trust fund has been established.
Note (2) Based upon audited fiscal year 2023 receipts as reflected in Table IX under the caption "SUMMARY OF PLEDGED REVENUES."
Note (3) Estimated Pledged Revenues divided by Total Debt Service.
Note (4) Preliminary; subject to change.

HISTORY OF THE UTILITY GROSS RECEIPTS TAX AND THE UTILITY SERVICE USE TAX

The State levies the Utility Gross Receipts Tax on gross sales or gross receipts from utility services furnished by a utility in the State regularly engaged in furnishing utility services to the public in the State. The tax is levied even if the utility services are furnished by a municipal corporation or other governmental agency. For every utility furnishing electricity, domestic water or natural gas, the current tax rate is 4% of the first $40,000 of monthly gross sales or gross receipts, plus 3% of the next $20,000 of monthly gross sales or gross receipts, and 2% of all monthly gross sales or gross receipts over $60,000. For every utility furnishing telegraph or telephone services, the current tax rate is 6% of monthly gross sales or gross receipts. The Legislature has exempted from the Utility Gross Receipts Tax and the Utility Service Use Tax certain utility services.

The State levies the Utilities Service Use Tax on the sales price of utilities services furnished by any utility when stored, used or otherwise consumed in the State. The Utilities Service Use Tax is supplemental and complementary to the Utility Gross Receipts Tax. The Utilities Service Use Tax is levied at the Utility Gross Receipts Tax rates in those instances where the Utility Gross Receipts Tax would be levied if the utility services stored, used or otherwise consumed in the State were being furnished by a utility subject to the Utility Gross Receipts Tax in the State.

The Utility Gross Receipts Tax and the Utility Service Use Tax were first levied as of September 1, 1969, with the tax rates being the same regardless of the type of utility service provided. In the original levy, a 4% tax rate applied to the first $8,500 of monthly gross sales or gross receipts, a 3% tax rate applied to the next $11,500 of gross sales or gross receipts, a 2% tax rate applied to the next $20,000 of gross sales or gross receipts, and a l% tax rate applied to all monthly gross sales or gross receipts over $40,000. On July 1, 1971, the rate structure for the Utility Gross Receipts Tax and Utility Service Use Tax was modified to provide for a levy of such taxes at the rate of 4% of the first $40,000 of monthly gross sales or receipts, 3% of the next $20,000 of gross sales or gross receipts, and 2% of all monthly gross sales or gross receipts over $60,000, regardless of the type of utility service provided. On October 1, 1992, a bifurcated rate structure of 6.7% of the first $60,000 of monthly gross sales or gross receipts, and 3.7% of all monthly gross sales or gross receipts over $60,000 became effective for utilities furnishing telegraph or telephone services. On February 1, 2002, the levy was extended, as applied to telephone services, to include interstate telephone service. On April 1, 2002, the rate structure was modified to provide for the current flat rate of 6% for utilities furnishing telegraph or telephone services.

The statutes under which the Utility Gross Receipts Tax is levied provide for the deposit of all receipts from the imposition of the tax into the State Treasury to the credit of the Education Trust Fund, less expenses of administration, and beginning in the fiscal year ended September 30, 1993, less an annual deposit of $14,600,000 into the State Treasury to the credit of the Special Mental Health Fund, with one fourth of such amount being deposited each quarter. Effective October 1, 2002, utilities furnishing telegraph or telephone services are allowed to retain and deduct .25% from the gross amount of tax billed by the utility. The statutes under which the Utility Service Use Tax is levied provide for the deposit of all receipts from the imposition of the tax into the State Treasury to the credit of the Education Trust Fund, less expenses of administration.

Receipts of the Utility Gross Receipts Tax and the Utility Service Use Tax are sensitive to many factors, including the national economic crisis and the stress and weakness experienced in the State economy, the impact of weather on the cost of heating and cooling homes, fluctuating utility rates, the trend towards energy conservation, federal tax credits for purchases of energy-efficient products, and the current trend away from residential land line telephones.

The following table reflects the net receipts, as reported by the Finance Department, from the Utility Gross Receipts Tax and the Utility Service Use Tax paid into the Education Trust Fund during the fiscal years indicated.

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TABLE VI

Utility Gross Receipts Tax and
Utility Service Use Tax Receipts
Paid into the Education Trust Fund

Fiscal Year Ended September 30	Net Receipts
2014	$395,189,235
2015	401,700,962
2016	376,625,096
2017	387,966,309
2018	395,433,475
2019	401,311,661
2020	388,005,780
2021	379,592,951
2022	406,487,071
2023	421,950,643

See above description for an explanation of the volatility of receipts of the Utility Gross Receipts Tax and the Utility Service Use Tax.
Source: State Comptroller's Office Comparison of Net Receipts Reports.

There is no assurance that there (i) will be any growth in the receipts from the Utility Gross Receipts Tax and the Utility Service Use Tax in the future or (ii) will not be decreases in such receipts in the future.

Act No. 2015-24 enacted during the 2015 Regular Session of the Alabama Legislature ("Act No. 2015-24) amends and expands the economic development incentives offered in the State and provides, among other incentives, for the granting of refunds of Utility Gross Receipts Tax and Utility Service Use Tax payments for up to ten years after a qualifying project is placed in service for additions, expansions, improvements, renovations, re-opening or rehabilitation of certain facilities, or for the replacement of certain existing equipment or tangible personal property. The amount of the refund granted in a year is equal to the Utility Gross Receipts Tax and Utility Service Use Tax the recipient paid in such year in excess of the average amount paid during the three years immediately before the qualifying project was placed in service. Since Act No. 2015-24 provides for a refund equal to the increase in taxes payable after qualifying project is placed in service, presumably the effect would be to limit increases in Utility Gross Receipts Tax and Utility Service Use Tax revenues, rather than decreasing revenues. The Authority does not believe any refunds that might be granted under Act No. 2015-24 would have a material adverse effect on the Pledged Revenues.

Act No. 2015-27 enacted during the 2015 Regular Session of the Alabama Legislature ("Act No. 2015-27") also amends and expands economic development incentives offered in the State and provides, among other incentives, for the granting of refunds and credits of Utility Gross Receipts Tax and Utility Service Use Tax payments for up to ten years for certain qualifying projects that create new jobs in the State and for certain qualifying projects that provide for new capital investment in the State. Act No. 2015-27 provides for a jobs credit in an annual amount equal to 3 percent of the wages paid to eligible employees during the prior year and for an investment credit in an annual amount equal to 1.5 percent of the capital investment incurred from the beginning of the incentive period. The jobs credit is only allowable as a refund or credit against Utility Gross Receipts Tax and Utility Service Use Tax. The investment credit is allowable as a credit against several taxes imposed by the State, including the Utility Gross Receipts Tax and Utility Service Use Tax. Under certain circumstances, the investment credit may be transferred to other taxpayers. The incentives authorized under Act No. 2015-27 are only available for qualifying projects for which a project agreement has been entered into with the State on or prior to December 31, 2019, unless extended by the Legislature. Act No. 2015-27 also provides that the aggregate balance of incentives provided thereunder may not exceed $850 million, unless the Legislature increases the amount authorized. Since Act No. 2015-27 provides for refunds and credits based on new employees and new capital investment in the State, presumably the effect would be to limit increases in Utility Gross Receipts Tax and Utility Service Use Tax revenues, rather than decreasing revenues. The Authority does not believe any refunds or credits that might be granted under Act No. 2015-27 would have a material adverse effect on the Pledged Revenues.

HISTORY OF THE SALES AND USE TAXES

The State levies the Sales Tax on retail sales of tangible personal property and admission fees. Generally, the tax is levied at the rate of 4% of gross sales or gross receipts; however, a 3% tax rate is levied on sales of vending machine food products, a 2% tax rate is levied on sales of motor vehicles, and a 1.5% tax rate is levied on sales of agricultural, mining and manufacturing equipment. The Use Tax is supplemental and complementary to the Sales Tax. The Use Tax is levied at the Sales Tax rates on the storage, use or consumption of tangible personal property in the State in those instances where the Sales Tax would be levied if the seller were subject to the Sales Tax in the State. The Legislature has exempted from the Sales Tax and Use Tax sales and uses of certain items of tangible personal property.

The Sales Tax was first levied as of March 1, 1937, and the Use Tax was first levied as of March 1, 1939. Originally, these taxes were levied at the general rate of 2%; however, a .5% tax rate was applied to sales and uses of automotive vehicles. On October 1, 1951, the general tax rate was increased to 3%, and the tax rate imposed on sales and uses of automotive vehicles was increased to 1%. On October 1, 1959, the tax rate imposed on sales and uses of automotive vehicles was increased to 1.5%, and the same tax rate was made applicable to sales and uses of mining and manufacturing equipment. On October 1, 1963, the general tax rate was increased to 4%. On October 1, 1966, a 1.5% tax rate was made applicable to sales and uses of agricultural equipment. On October 1, 1973, a 3% tax rate was made applicable to sales of vending machine food products. On October 1, 1988, the tax rate imposed on sales and uses of automotive vehicles was increased to 2%.

A monthly Sales Tax and Use Tax discount is available to licensed retailers that pay the tax before delinquency; provided, however, that the maximum discount available to any license holder is $400 per month. Effective June 1, 1996, the Sales Tax discount is 5% of the first $100 of taxes levied and 2% of taxes levied over $100. From October 1, 1992 until May 31, 2001, the Use Tax discount was 3% of taxes levied and thereafter was reduced to zero. While the reduction of the allowable deductions increased revenues, such increased revenues were dedicated for purposes other than the Education Trust Fund.

The statutes under which the present Sales Tax is levied provide for distribution of the receipts from the imposition of the tax for the following purposes: (a) for payment of expenses of administration; (b) to the extent not replaced from income tax proceeds, the replacement in the public school fund of the three-mill constitutional levy for schools and in the General Fund of the one-mill levy for soldiers' relief and the two and one-half mills for general purposes lost by exemption of homesteads; (c) for payment to the several counties of moneys according to a fixed formula, the maximum aggregate amount to be paid out to all the counties in any fiscal year being $378,000; (d) for payment to the State Department of Human Resources each fiscal year of the sum of $1,322,000; (e) beginning October 1, 2002, for payment to the Department of Conservation and Natural Resources each fiscal year of the sum of $5,000,000 of the increase in tax receipts due to the cap imposed on license holder discounts, and the balance of the sum equal to the increase in tax receipts due to the cap on license holder discounts to the credit of the State General Fund; (f) for payment to the State Department of Human Resources each fiscal quarter of the sum equal to 5% of the value of food stamp benefits issued in the State in excess of amounts paid by the recipients of same during the immediately preceding quarter, limited to the amount of 1976-77 fiscal year "administrative costs, normal inflationary increases and mandated administration requirements of the Legislature and the United States Department of Agriculture"; (g) for deposit into the State Treasury to the credit of the State General Fund of 42% of the tax levied on sales of automotive vehicles, truck trailers, semitrailers, house trailers, and mobile home set-up materials and supplies, and 50% of the tax levied on sales of motorboats not collected by the seller; (h) beginning January 1, 2016, for deposit into the State Treasury to the credit of the State General Fund the tax levied on consumable vapor products; and (i) for deposit into the State Treasury to the credit of the Education Trust Fund of the remaining balance.

As described more particularly in Appendix A – "Certain Information Regarding the State of Alabama – Receipts, Disbursements, Taxes and Revenues – State Taxes and Other Major Sources of Revenue and Income – *Alabama Accountability Act*", in March 2013, the Legislature passed and the Governor signed into law the Alabama Accountability Act of 2013 (Act No. 2013-64 as amended by Act No. 2013-265), which, among other things, (1) allows for flexibility contracts between the State Board of Education and local public school districts in order to enhance innovation in Alabama public schools, (2) creates income tax credits for families with students in a failing school to attend a nonpublic school or non-failing public school, and (3) creates income tax credits for taxpayers who donate to a nonprofit organization that provides scholarships for students to attend a nonpublic school or non-failing public school. The income tax credits for families with students in a failing school are refundable tax credits, which means that, if the Alabama income taxes owed by the family are less than the total credit allowed under the act, the family is entitled to a refund or rebate equal to the balance of the unused credit. The act provides that these refunds or rebates are to be paid out of Sales Tax revenues credited to the Education Trust Fund. The act had an effective date of March 14, 2013, but it first had a fiscal effect with the State's budget for the fiscal year ended September 30, 2014. The Sales Tax refunds paid for the fiscal year ended September 30, 2023 were $153,047.00.

The statutes under which the Use Tax is levied provide for distribution of the receipts from the imposition of the tax for the following purposes: (a) for payment of expenses of administration; (b) for deposit into the State Treasury to the credit of the State General Fund 42% of the tax levied on uses of automotive vehicles, truck trailers, semitrailers, house trailers, and mobile home set-up materials and supplies), and for deposit into the State Treasury to the credit of the State Education Trust Fund, 58% of such tax amounts, and (c)(1) for deposit into the State Treasury to the credit of the State General Fund, 75% of the remote use tax amounts (collected from out-of-state vendors who do not have nexus in the State, other than those out-of-state vendors entering into an agreement pursuant to Act No. 2015-448 and Act No. 2018-539 described below, and from consumers on individual tax returns), and for deposit into the State Treasury to the credit of the State Education Trust Fund, 25% of the remote use tax amounts, and (2) for deposit into the State Treasury to the credit of the State General Fund, 53% of the remaining amounts, and for deposit into the State Treasury to the credit of the State Education Trust Fund, 47% of the remaining amounts. The provisions stated in the foregoing clause (c) were effected pursuant to Act No. 2012-599 enacted at the 2012 Regular Session of the Legislature and Act No. 2015-539 enacted at the 2015 Second Special Session of the Legislature. Prior to the adoption of Act No, 2012-539, 100% of the amounts described in the foregoing clause (c) were deposited into the Education Trust Fund.

Act No. 2015-448 enacted at the 2015 Regular Session of the Legislature allows all remote sellers who make retail sales into the State to enter into voluntary agreements with the State under which they agree to collect and pay to the State a flat 8% sellers use tax on all sales made into the State, which remote use tax revenues are distributed 50% to the State and 50% among the counties and municipalities of the State. Remote sellers eligible to enter into such voluntary agreements are those entities that sell tangible personal property or a service, but do not have a physical presence in the State or are not otherwise required to be subject to requirements for collecting and remitting State and local sales or use tax for sales delivered into the State. Act No. 2018-539 extended the voluntary remote sellers use tax to marketplace facilitators (e.g., Amazon). **The tax on remote sellers pursuant to Act No. 2015-448 and Act No. 2018-539 is not included in the Pledged Taxes, and the revenues from such tax are not Pledged Revenues.**

Pursuant to Act No. 2023-554, the State sales and use tax rates on food were reduced from 4 percent to 3 percent on September 1, 2023. The Act provides for an additional 1 percent reduction (to 2 percent) on September 1, 2024, if the average of the estimated growth in the total net receipts from all revenue sources to the Education Trust Fund for the fiscal year ending September 30, 2025, as certified by the Director of Finance and the Legislative Fiscal Officer, is at least 3.5 percent higher than the previous fiscal year. If the growth requirement is not satisfied for the fiscal year ending September 30, 2025, the rate will be reduced to 2 percent in a subsequent fiscal year when the growth rate requirement is satisfied. On August 23, 2024, the State Department of Revenue released a notice stating that the estimated revenue growth in the Education Trust Fund did not meet the 3.5 percent requirement for the fiscal year ending September 30, 2025 and that the tax rate would remain at 3 percent until at least September 1, 2025. The initial 1 percent reduction is projected to reduce Education Trust Fund revenues by approximately $130 million per year.

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The following table reflects the net receipts from the Sales Tax paid into the Education Trust Fund and available to pay debt service on bonds funded by these taxes during the fiscal years indicated.

TABLE VII
Net Receipts from Sales Tax
Paid into the Education Trust Fund

Fiscal Year Ended September 30,	**Net Receipts**
2014	$1,843,132,753
2015	1,822,841,220
2016	1,946,926,293
2017	2,016,392,816
2018	2,083,097,051
2019	2,212,044,235
2020	2,298,563,956
2021	2,515,920,473
2022	2,680,096,215
2023	2,793,142,446

Source: State Comptroller's Office Comparison of Net Receipts Reports.

There is no assurance that there (i) will be any growth in the receipts from the Sales Tax in the future or (ii) will not be decreases in such receipts in the future.

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As stated above, Act No. 2012-599 and Act No. 2015-539 amended the distribution of the Use Tax such that a portion of the Use Tax receipts will now be deposited into the General Fund instead of the Education Trust Fund. The following table reflects (a) the net receipts from the Use Tax paid into the Education Trust Fund and available to pay debt service on bonds funded by the tax during the indicated fiscal years and (b) the estimated net receipts that would have been paid into the Education Trust Fund if Act No. 2015-539 had been in effect during such fiscal years.

TABLE VIII
Use Tax Receipts Paid
Into the Education Trust Fund

Fiscal Year Ended September 30,	Net Receipts	Estimated Net Receipts that would have been paid into the Education Trust Fund if Act No. 2015-539 had been in effect
2014	$224,633,463 (1)	$140,770,303 (2)
2015	222,096,692 (1)	139,180,594 (2)
2016	157,068,197 (3)	157,068,197 (3)
2017	158,512,611 (3)	158,512,611 (3)
2018	159,169,977 (3)	159,169,977 (3)
2019	150,447,229 (3)	150,447,229 (3)
2020	171,835,154 (3)	171,835,154 (3)
2021	189,176,846 (3)	189,176,846 (3)
2022	224,561,280 (3)	224,561,280 (3)
2023	240,194,523 (3)	240,194,523 (3)

Source: State Comptroller's Office Comparison of Net Receipts Reports.
(1) Reflects the effect of Act No. 2012-599, which amended the Use Tax distribution to provide that 75% of the Use Tax proceeds (except for certain receipts as described above) were to be distributed to the Education Trust Fund, as opposed to 100% prior to the Act. Total Use Tax receipts of the State were $308,752,310 for the 2014 fiscal year and $311,749,260 for the 2015 fiscal year.
(2) Estimated Use Tax receipts that would have been paid into the Education Trust Fund if Act No. 2015-539 had been in effect.
(3) Reflects the effect of Act No. 2015-539, which amended the Use Tax distribution to provide that 47% of the Use Tax proceeds (except for Use Tax collected on automotive vehicles, truck trailers, semitrailers, house trailers, and mobile home set-up materials and supplies and certain remote use tax amounts, which are subject to separate distribution formulas) are to be distributed to the Education Trust Fund, as opposed to 75% prior to the Act. Act. No. 2015-539 first became effective with the 2016 fiscal year. Total Use Tax receipts of the State were $350,699,257 for the 2016 fiscal year.

There is no assurance that there (i) will be any growth in the receipts from the Use Tax in the future or (ii) will not be decreases in such receipts in the future.

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SUMMARY OF PLEDGED REVENUES

The following table reflects the total net receipts, as reported by the Finance Department, of the Pledged Revenues paid into the Education Trust Fund during the fiscal years indicated.

TABLE IX
Pledged Revenue Receipts
Paid into the Education Trust Fund

Fiscal Year Ended September 30,	Net Receipts[1]
2014	$2,379,092,291
2015	2,363,722,776
2016	2,480,619,586
2017	2,562,871,736
2018	2,637,700,503
2019	2,763,803,126
2020	2,858,423,982
2021	3,084,690,270
2022	3,311,144,566
2023	3,455,287,612

[1] Sum of net receipts reflected in Tables VI and VII and in Table VIII under the caption "Estimate of Net Receipts from Use Tax That Would Have Been Paid into the Education Trust Fund If Act No. 2015-539 Had Been in Effect".

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The following table reflects the net receipts, as reported by the Finance Department, from (1) Utility Gross Receipts Tax and the Utility Service Use Tax, (ii) the Sales Tax, (iii) the Use Tax and (iv) the sum of such Pledged Revenues, paid into the Education Trust Fund, on a monthly basis during fiscal years 2022 and 2023.

TABLE X

Monthly Pledged Revenue Receipts (Unaudited)[1]

	Fiscal Year 2022				Fiscal Year 2023			
Month Ending	**Utility Gross Receipts[(2)]**	**Sales Tax**	**Use Tax**	**Pledged Revenues**	**Utility Gross Receipts[(2)]**	**Sales Tax**	**Use Tax**	**Pledged Revenues**
October	$ 24,489,079.10	$ 210,069,866.50	$ 15,091,748.68	$ 249,650,694.28	$ 33,838,196.27	$ 230,578,819.48	$ 20,069,173.23	$ 284,486,188.98
November	32,088,938.87	214,604,359.33	18,533,357.70	265,226,655.90	30,799,363.45	223,663,827.67	20,017,122.22	274,480,313.34
December	34,314,500.80	224,939,778.87	21,066,905.69	280,321,185.36	34,375,925.29	230,424,230.94	19,654,698.09	284,454,854.32
January	40,219,763.57	244,629,626.79	19,453,391.32	304,302,781.68	37,365,319.12	261,812,424.60	21,901,942.70	321,079,686.42
February	32,264,095.84	163,234,516.01	17,297,241.64	212,795,853.49	46,352,125.50	168,858,011.91	18,965,283.41	234,175,420.82
March	32,760,020.96	203,203,281.65	17,323,956.27	253,287,258.88	24,008,765.48	219,462,009.66	18,864,539.47	262,335,314.61
April	26,771,804.31	248,538,883.57	20,071,788.67	295,382,476.55	28,435,575.67	254,466,158.36	20,989,313.36	303,891,047.39
May	26,566,229.34	236,821,548.96	19,822,546.67	283,210,324.97	30,447,355.08	230,014,733.13	21,038,925.62	281,501,013.83
June	36,255,882.23	233,960,650.49	18,431,220.44	288,647,753.16	34,760,576.06	246,051,084.63	19,036,791.50	299,848,452.19
July	39,745,864.40	239,567,069.19	18,928,547.42	298,241,481.01	39,225,023.86	246,316,830.74	19,718,409.64	305,260,264.24
August	41,020,215.92	231,523,533.50	19,230,053.03	291,773,802.45	42,516,430.55	240,106,396.31	18,291,729.21	300,914,556.07
September	39,990,676.06	229,003,100.30	19,310,522.26	288,304,298.62	39,825,986.62	241,387,918.19	21,646,594.21	302,860,499.02
Total:	$406,487,071.40	$2,680,096,215.16	$224,561,279.79	$3,311,144,566.35	$421,950,642.95	$2,793,142,445.62	$240,194,522.66	$3,455,287,611.23

Source: Alabama Department of Finance, General Fund & Education Trust Fund Monthly Net Receipts Report

(1) The above figures are net of the Alabama Department of Revenue administrative fees and reflect monthly deposits on a cash basis accounting.

(2) Includes Utility Service Use Tax.

LITIGATION

General

There is no litigation pending or, to the knowledge of the Authority, threatened to restrain or enjoin the authorization, sale or delivery of the Bonds or adversely affecting the power of the Authority to apply the Pledged Revenues to the payment of the Bonds. Neither the State nor the Authority is a party to any legal proceeding challenging the validity of the Pledged Taxes.

From time to time, the Authority is named as a defendant in lawsuits arising out of contractual disputes relating to construction of projects financed with funds supplied by the Authority. Such lawsuits do not adversely affect the ability of the Authority to issue the Bonds or to apply the Pledged Revenues to the payment thereof. See Appendix A - "Certain Information Regarding the State of Alabama - Litigation".

RISK FACTORS

General

In making a decision whether to purchase the Bonds, potential investors should consider certain risks and investment considerations which could affect the ability of the Issuer to pay debt service on the Bonds in a timely manner and which could affect the marketability of or the market price for the Bonds. These risks and investment considerations are discussed throughout this Official Statement, including, without limitation, Appendix A hereto. Certain of these risks and investment considerations are set forth in this section for convenience, but this discussion is not intended to be a comprehensive or exhaustive compilation of all possible risks and investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement. Each prospective purchaser of Bonds should read this Official Statement in its entirety, including the appendices hereto, and should consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the matters that should be considered when evaluating an investment such as the Bonds. Each prospective purchaser should carefully examine his, her or its own financial condition in order to make a judgment as to his, her or its ability to bear the risk of an investment in the Bonds and whether or not the Bonds are an appropriate investment for them.

The sufficiency of the Pledged Revenues to pay debt service on the Bonds may be affected by events and conditions relating to, among other things, population trends and political and economic developments in the State and the nation, the nature and extent of which are not presently determinable.

Holders of the Bonds should be aware that their rights and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, sovereign immunity, and the exercise of judicial discretion in appropriate cases.

State Legislative Action and Control

The Authority is subject to the virtually plenary powers of the Legislature. The existing state laws that effectively govern the appropriation, distribution and use of the Pledged Revenues may be amended at any regular or special session of the Legislature. For example, as described more particularly in "HISTORY OF THE SALES AND USE TAXES", the Legislature recently has enacted laws that affect distribution of a portion of the Pledged Revenues. While the Legislature is prohibited by the United States Constitution and the Constitution of Alabama of 1901 from enacting any law impairing the obligations of contracts, or destroying or impairing the remedy for their enforcement, the Authority cannot predict whether any amendment to existing State laws, which would materially and adversely affect the receipt, appropriation, distribution, or use of any of the Pledged Revenues, would be subject to and prohibited by such constitutional provisions.

Sovereign Immunity

Under the doctrine of sovereign immunity, a state of the United States of America cannot be sued by its own citizens. Under the United States Constitution a state cannot be sued by citizens of another state of the United States of America or by citizens or subjects of a foreign state. The doctrine of sovereign immunity applies to the State, and the issuance of indebtedness by the State does not constitute express consent by the State to be sued by the holders of such indebtedness. Section 14 of the Alabama Constitution provides that the State shall never be made a defendant in any court of law or equity. The Supreme Court of Alabama has held that the immunity granted by Section 14 cannot be waived by the Legislature or any State authority. This constitutional prohibition of suits against the State extends to officers of the State acting in their official capacities, subject to certain limited exceptions, such as actions to compel state officials to perform ministerial acts.

The Supreme Court of Alabama held in *Wheeler v. George*, 39 So. 3d 1061 (Ala. 2009), that the Alabama Incentives Finance Authority, a public corporation of the State (the "AIFA"), is a State agency for purposes of State immunity due to the character of the power delegated to the AIFA, AIFA's relationship to the State, and the nature of the functions AIFA performs. It is unclear whether or not a court would treat the Authority as a State agency for purposes of State immunity, but if so there can be no assurance that holders of the Bonds would have any right of action against the Authority to enforce the obligations of the Authority under the Bonds in the event the Authority fails to make timely payment of principal or interest on the Bonds. Certain officers of the Authority, however, under existing law, are subject to mandamus in the event that they have Pledged Revenues available for payment of debt service on the Bonds and do not apply such Pledged Revenues as and to the extent provided in the Authorizing Act and the Resolution.

Limitations on Remedies

The remedies available upon the occurrence of a default are in many respects dependent upon judicial actions, which are often subject to substantial discretion and delay. Remedies available to holders of the Bonds may be limited or restricted by constitutional provisions and laws affecting creditors' rights and general principles of equity, including the exercise of judicial discretion in appropriate cases. See also "RISK FACTORS – Sovereign Immunity."

Constitutional Reform

The Authority cannot predict with certainty whether, during the term of the Bonds, any amendment to the Constitution of Alabama of 1901, or a new constitution, would be enacted which would materially and adversely affect the receipt, appropriation, distribution, or use of the Pledged Revenues.

No Taxing Authority

The Authority has no taxing authority. The Authority cannot compel the State to increase the rate of any taxes or to levy additional taxes to provide for payment of debt service on the Bonds.

Economic Conditions

The receipt of the Pledged Revenues will be affected by, and will be subject to, general economic and political events and conditions that will change in the future to an extent and with effects that cannot be determined at this time. These general economic and political events and conditions include, among other things, population, demographic and employment changes and trends; periods of inflation or deflation; variable patterns of national and regional economic growth, whether cyclical or structural in nature; disruptions in credit and financial markets; political gridlock concerning, among other matters, national tax and spending policies and health care policies; political developments in the State and the United States of America; budget and debt limit controversies, both nationally and at the State level; unusually large numbers of business failures and business and consumer bankruptcies and policy responses, or lack thereof, to the foregoing.

Tax-Exempt Status of Bonds

It is expected that the Bonds will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance. See "TAX MATTERS". It is anticipated that Bond Counsel will render an opinion substantially in the form attached hereto as Appendix B, which should be read in its entirety for a complete understanding of the scope of the opinions and the conclusions expressed therein. A legal opinion expresses the professional judgment of the attorney rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The tax status of the Bonds could be affected by post-issuance events. There are various requirements of the Code that must be observed or satisfied after the issuance of the Bonds in order for the Bonds to qualify for, and retain, tax-exempt status. These requirements include, without limitation, appropriate use of the proceeds of the Bonds, use of the facilities financed by the Bonds, investment of bond proceeds, and the rebate of so-called excess arbitrage earnings. Compliance with these requirements is the responsibility of the Authority. Failure to comply could result in the inclusion of interest on the Bonds in gross income retroactive to the date of issuance of the Bonds.

The Internal Revenue Service conducts an audit program to examine compliance with the requirements regarding tax-exempt status. Under current Internal Revenue Service procedures, in the initial stages of an audit with respect to the Bonds, the Authority would be treated as the taxpayer, and the owners of the Bonds may have limited rights to participate in the audit process. The initiation of an audit with respect to the Bonds could adversely affect the market value and liquidity of the Bonds, even though no final determination about the tax-exempt status has been made. If an audit results in a final determination that the Bonds do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Bonds.

In addition to post-issuance compliance, a change in law after the date of issuance of the Bonds could affect the tax-exempt status of the Bonds or the benefits of investing in the Bonds. For example, the United States Congress could eliminate or limit the exemption for interest on the Bonds, or it could reduce or eliminate the federal income tax, or it could adopt a so-called "flat tax." It cannot be predicted whether or in what form any such change in law may be enacted or whether, if enacted, any such change in law would apply to the Bonds. See "RISK FACTORS – Future Legislation Could Affect Tax-Exempt Obligations" below.

The Resolution does not require the Authority to redeem the Bonds and does not provide for the payment of any additional interest or penalty if a determination is made that the Bonds do not comply with the existing requirements of the Code or if a subsequent change in law adversely affects the tax-exempt status of the Bonds or the effect of investing in the Bonds.

Future Legislation Could Affect Tax-Exempt Obligations

The federal government is considering various proposals to reform the federal income tax laws and reduce federal budget deficits and the amount of federal debt, including proposals that would eliminate or reduce indirect expenditures made through various deductions and exemptions currently allowed by the income tax laws.

The exemption for interest on tax-exempt obligations could be affected by such proposals. Some proposals would completely eliminate the exemption for interest on all tax-exempt obligations. Other proposals would place an aggregate cap on the total amount of exemptions and deductions that may be claimed by a taxpayer, or a cap on the exemption for interest on all tax-exempt obligations. Some proposals would limit the benefit of the exemption for interest on tax-exempt obligations for taxpayers with incomes above certain thresholds. Changes in the rate of the federal income tax, including so-called "flat tax" proposals, could also reduce the value of the exemption. Such legislative proposals, if enacted into law, could prevent the holders of the Bonds from realizing the full benefit of the tax status of interest on the Bonds under current federal tax law. The introduction or enactment of any such legislative proposal may also affect the market price for, or the marketability of, the Bonds.

Changes affecting the exemption for interest on tax-exempt bonds, if enacted, could apply to tax-exempt obligations already outstanding, including the Bonds, as well as obligations issued after the effective date of such legislation. It is not possible to predict whether Congress will adopt legislation affecting the exemption for tax-exempt bonds, what the provisions of such legislation may be, whether any such legislation will be retroactive in effect, or what effect any such legislation may have on investors in the Bonds. Investors should consult their own tax advisers about the prospects and possible results of future legislation that could affect the exemption for interest on tax-exempt obligations.

Lack of Liquidity for the Bonds

The Authority cannot assure potential investors that an active secondary market for the Bonds will exist. Moreover, even if an active secondary market for the Bonds does exist, depending on prevailing interest rates and market conditions generally, the Bonds could trade at a discount from their par amount. Holders of the Bonds may not be able to sell their Bonds in the future or such sale may not be at a price equal to or greater than the par amount of the Bonds. As a result, holders of the Bonds may not be able to liquidate their investment quickly, at an attractive price or at all. See also "RISK FACTORS – Ratings" for information regarding possible consequences of the ratings on the liquidity of the Bonds.

Public Health Epidemics or Outbreaks

Public health epidemics or outbreaks, such as COVID-19, could adversely impact the world economy and the economies of the United States and the State of Alabama. The extent to which such public health epidemics or outbreaks may impact the State's operations and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak and the actions to contain the threat or treat its impact, among others.

Cybersecurity

Despite the implementation of network security measures by the State, its information technology systems may be vulnerable to breaches, hacker and ransomware attacks, computer viruses, physical or electronic break-ins and other similar events or issues. Governments, including the State of Alabama, have recently been subject to such attacks.

The foregoing events or issues could lead to the inadvertent disclosure of protected health information or other confidential information, ransomware attacks holding critical information and operations hostage or could have an adverse effect on the State's ability to provide a continuity of services or to collect taxes and other revenues. Any breach or cyberattack that compromises data could result in negative press and substantial fines and penalties for violation of federal or state law, such as privacy laws. Despite efforts of the State, no assurances can be given that such measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the State.

Ratings

No assurance can be given that the ratings assigned to the Bonds at the time of issuance (see "RATINGS") will continue for any given period of time after their issuance, and the Authority makes no representations regarding the future ratings assigned to the Bonds. Further, there is no assurance that the ratings assigned to the Bonds will not be lowered or withdrawn at any time, which could adversely affect the market price for and liquidity of the Bonds.

LEGAL INVESTMENTS AND SECURITY FOR DEPOSIT

The 1965 Act provides that: (1) the Bonds qualify in the State for the investment of fiduciary funds held by any trustee, executor, administrator, guardian or one acting in any other fiduciary capacity except where the document that is the source of authority or the court having jurisdiction over the fiduciary relationship provides otherwise, and (2) the Bonds may be used by the holders thereof as security for the deposit of any funds of the State or any political subdivision, instrumentality or agency of the State in any instance where security for the deposit may be required by law.

TAX MATTERS

Under existing law, the tax status of the Bonds will include the following characteristics:

Federal Tax-Exempt Status of Bonds

Interest on the Bonds is excludable from gross income for federal income tax purposes if the Authority complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be and remain excluded from gross income. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income, retroactive to the date of issuance of such Bonds. The Authority has covenanted to comply with all such requirements.

Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the federal alternative minimum tax.

Bond Counsel will express no opinion regarding federal tax consequences arising with regard to the Bonds other than the opinions expressed in the two preceding paragraphs.

State Tax-Exempt Status

Interest on the Bonds will be exempt from State of Alabama income taxation.

Certain Collateral Federal Tax Consequences

Holders and prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, certain S corporations with "excessive net passive income," foreign corporations subject to a branch profits tax, other foreign persons and organizations, life insurance companies, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Prospective purchasers of the Bonds should consult their tax advisors as to whether the collateral tax consequences described in this paragraph or other tax consequences may be applicable to their financial situation.

Information Reporting and Backup

In addition to other types of income, information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the recipient of payments of interest provides the payor with a completed IRS Form W-9, "Request for Taxpayer Identification Number and Certification," or if such recipient is one of a limited class of persons exempt from information reporting. Foreign persons and organizations and other non-U.S. holders may be asked or required to provide an appropriate completed IRS Form W-8 in lieu of Form W-9 in order to establish their U.S. tax status. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from each interest payment received, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient, such as a broker-dealer or bank.

If a prospective purchaser considering buying a Bond through a brokerage account has executed a Form W-9 (or Form W-8 where appropriate) in connection with the establishment of such account, as generally can be expected, no backup withholding should occur, unless such prospective purchaser is for another reason, subject to backup withholding. Whether or not a prospective purchaser is subject to backup withholding does not affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service. Prospective purchasers of the Bonds should consult their tax advisors as to whether backup withholding may be applicable to their financial situation.

Opinions of Bond Counsel

The form of Bond Counsel's opinion with respect to the Bonds is expected to be substantially as set forth in Appendix B to this Official Statement.

The opinions of Bond Counsel express the professional judgment of Bond Counsel relating to the legal issues explicitly addressed therein. By rendering the opinions, Bond Counsel does not become an insurer or guarantor of an expression of professional judgment of the transaction opined upon, or of the future performance of parties to such transaction, and the rendering of such opinion does not guarantee the outcome of any legal dispute that may arise in connection with the transaction.

[Original Issue Discount

Under existing law, the original issue discount in the selling price of a Bond, to the extent properly allocable to each holder of such Bond, is excludable from gross income for federal income tax purposes with respect to such holder. The original issue discount is the excess of the stated redemption price at maturity of such Bond over its initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Bonds of such maturity were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to a holder of a Bond during any accrual period generally equals (i) the issue price of such Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable on such Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the holder's tax basis in such Bond. Purchasers of any Bond at an original issue discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Bond.

Original Issue Premium

An amount equal to the excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.]

Other Considerations

The foregoing discussion does not address the effects of any applicable federal income, state, local or foreign tax laws other than those specifically discussed above. Prospective purchasers are urged to consult their own tax adviser concerning the federal income tax consequences of owning and disposing of the Bonds, as well as any consequences under the laws of any state, local or foreign taxing jurisdiction.

See "RISK FACTORS – Tax-Exempt Status of the Bonds" and "RISK FACTORS – Future Legislation Could Affect Tax-Exempt Obligations" herein for a discussion of certain risk factors relating to investment in the Bonds.

No Bank Qualification

Any financial institution purchasing any of the Bonds should note that such obligations will <u>not</u> qualify as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code with respect to the deduction of interest costs attributable to carrying or purchasing the Bonds.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Balch & Bingham LLP, Birmingham, Alabama, as Bond Counsel to the Authority, whose opinion with respect to the Bonds is expected to be rendered substantially in the form of Appendix B hereto.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to legal issues explicitly addressed therein. By rendering the legal opinion, the authoring firm or attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of the parties to the transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

CONTINUING DISCLOSURE

General

The Authority has covenanted in a written agreement (the "Agreement") for the benefit of the holders of the Bonds to provide the Municipal Securities Rulemaking Board ("MSRB"), using the Electronic Municipal Markets Access System ("EMMA") established by the MSRB (or such other system as may be subsequently authorized by the MSRB), with (i) the amounts of the Pledged Taxes received for the prior fiscal year on an annual basis (the "Annual Financial Information") within 270 days after the end of its fiscal year, (ii) when and if available, audited financial statements of the State prepared in accordance with generally accepted accounting standards and Government Auditing Standards issued by the Comptroller General of the United States, as such standards may be modified from time to time and (iii) in a timely manner not in excess of 10 business days after the occurrence of the event, notice (each, a "Material Event Notice") of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to rights of the holders of the Bonds, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar events affecting the Authority;

(13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional paying agent or the change of name of a paying agent, if material;

(15) incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties.

In addition, the Authority has covenanted to file with the MSRB in a timely manner notice of failure to make a filing, on or before the date specified in the Agreement, of Annual Financial Information required by the Agreement. The Annual Financial Information, audited financial statements of the State and any Material Event Notices are required to be filed through EMMA (or such other system as may be authorized by the MSRB).

The Authority shall never be subject to money damages for its failure to comply with its obligations to provide the required information. The only remedy available to the holders of the Bonds for breach by the Authority of its obligations to provide the required information shall be the remedy of specific performance or mandamus against appropriate officials of the Authority. The failure by the Authority to provide the required information shall not be an event of default with respect to the Bonds under the Resolution. No person (including, without limitation, officers or employees of the Authority) other than the Authority shall have any liability or responsibility for compliance by the Authority with its obligations to provide information.

The Paying Agent has not undertaken any responsibility with respect to any required reports, notices or disclosures. The Authority retains the right to modify its obligations described above as long as such modification is done in a manner consistent with Rule 15c2-l 2 of the Securities and Exchange Commission.

Compliance with Prior Undertakings

The Authority has been subject to continuing disclosure agreements that require it to provide the amounts of the Pledged Revenues within a certain number of days of the end of the State's fiscal year (as early as 180 days after the end of the State's fiscal year in some agreements) and to provide the State's audited financial statements when available. The following table shows (1) when the State's audited Annual Comprehensive Financial Report was released by the auditor, (2) when the Authority filed the State's audited Comprehensive Annual Financial Report with EMMA, which also presents the amount of the Pledged Revenues, and (3) when the Authority filed the State's unaudited draft Comprehensive Annual Financial Report with EMMA, if applicable, which does not present the amount of the Pledged Revenues in a clearly identifiable manner.

Fiscal Year Ended September 30	Date Financial Statements Were Released by Auditor	Date Audited Annual Comprehensive Financial Report was Filed with EMMA	Date Unaudited Draft Annual Comprehensive Financial Report was Filed with EMMA
2023	March 28, 2022	March 28, 2022	N/A
2022	March 31, 2023	March 31, 2023	March 29, 2021
2021	March 31, 2022	March 31, 2022	March 29, 2022
2020	March 31, 2021	March 31, 2021	March 29, 2021
2019	March 31, 2020	March 31, 2020	March 27, 2020

RATINGS

Moody's Investors Service, Inc. ("Moody's"), S&P Global Ratings ("S&P") and Fitch Ratings ("Fitch") have assigned ratings of Aa1 (stable outlook), AA (stable outlook) and AA+ (stable outlook), respectively, to the Bonds. Any explanation of the significance of these ratings must be obtained from the applicable rating agency. A rating is not a recommendation to buy, sell or hold the Bonds and should be evaluated independently. There is no assurance that any such rating will remain in effect for any given period of time or will not be lowered or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, the circumstances so warrant. Any such downward revision or withdrawal of any rating assigned to the Bonds could have an adverse effect on the market price and liquidity of the Bonds. The Authority, the Underwriter and the Financial Advisor have undertaken no responsibility to oppose any revision, suspension or withdrawal of any of such ratings.

UNDERWRITING

The Bonds are being purchased from the Authority initially by ____________________________ (the "Underwriter") at a price of $____________ (which price reflects an underwriting discount of $____________ and net original issue premium / discount of $_____________). The Bonds may be sold and offered to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the Underwriters.

FINANCIAL ADVISOR

PFM Financial Advisors LLC, Huntsville, Alabama (the "Financial Advisor"), is serving as financial advisor to the Authority in connection with the issuance of the Bonds. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Bonds and provided other advice to the Authority. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, and is not obligated to review or ensure compliance with the undertaking by the Authority to provide continuing secondary market disclosure.

ADDITIONAL INFORMATION

For further information during the initial offering period with respect to the Bonds, contact the State Director of Finance, Alabama Department of Finance, Alabama State Capitol, 600 Dexter Avenue – Suite N-200, Montgomery, Alabama 36130, telephone: (334) 242-7160.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Official Statement including, without limitation, statements containing the words "estimates," "believes," "anticipates," "expects," and words of similar import, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Authority or other entities to which the forward-looking statements relate to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. The Authority and the Underwriter disclaim any obligation to update any such factors or to publicly announce the results of any revision to any of the forward-looking statements contained herein to reflect future events or developments.

DISCLAIMERS AND OTHER MISCELLANEOUS MATTERS

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations with respect to the Authority or the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or Holders of any of the Bonds.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

The information in this Official Statement has been obtained from sources which are considered dependable and which are customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness.

The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to the date of this Official Statement.

All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized.

No person, including any broker, dealer or salesman, has been authorized to give any information or to make any representation other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Authority.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities laws and will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any federal, state, municipal or other governmental agency will pass upon the accuracy, completeness or adequacy of this Official Statement. The Resolution has not been qualified under the Trust Indenture Act of 1939, as amended.

Any information or expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create an implication that there has been no change as to the affairs of the Authority since the date hereof. Insofar as any statements are made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

This Official Statement is being provided to prospective purchasers either in bound printed format or in electronic format. This Official Statement may be relied upon only if it is in its bound printed format or as printed in its entirety in such electronic format.

EXECUTION AND DELIVERY

The execution and delivery of this Official Statement have been duly authorized by the Authority.

ALABAMA PUBLIC SCHOOL AND COLLEGE AUTHORITY

By: ____

Its: ____

APPENDIX A

CERTAIN INFORMATION REGARDING THE STATE OF ALABAMA

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APPENDIX A

CERTAIN INFORMATION REGARDING THE STATE OF ALABAMA

GENERAL INFORMATION

Annual Comprehensive Financial Report

The Annual Comprehensive Financial Report (sometimes referred to herein as the "Annual Report") of the State of Alabama (the "State") for the fiscal year ended September 30, 2023, can be found online at http://www.emma.msrb.org.

Reporting Entity – Annual Report

The Annual Comprehensive Financial Report of the State of Alabama presents financial information on all of State government as a single reporting entity. While State law allows many State organizations to operate largely independent of the daily central control and scrutiny of the Department of Finance, State Auditor and State Treasurer, the Annual Report combines the financial data of all State organizations in order to present a comprehensive picture of State finances. The numerous departments, agencies, elected officials, boards, commissions, authorities, colleges, universities and other organizational units of the State are included in the Annual Report in accordance with standards established by the Governmental Accounting Standards Board. These standards make a distinction between organizations that are considered to be part of the primary government of the State and those that are component units. A component unit is defined as a legally separate corporate entity for which the State is considered to be financially accountable. The criteria used to determine financial accountability include the appointment of a majority of the governing board, the ability of the State to impose its will on the organization and the potential for the organization to be a financial benefit or financial burden to the State.

The State is also considered financially accountable for any organization having an independently appointed board if that organization is fiscally dependent on the State. An organization is fiscally dependent if it is unable to adopt a budget, set rates or charges or issue bonded debt without the approval of the State. Component units can be reported as if they are a part of the primary government ("blended presentation") if they provide services solely to the government or if their debt is repaid solely by the government, but many of the State's component units do not and are therefore presented separately ("discrete presentation") in these financial statements. The largest of the blended component units includes the Public School and College Authority, Department of Mental Health, and the Federal Aid Highway Finance Authority. The major discretely presented component units are the University of Alabama, Auburn University, the University of South Alabama, the Alabama Housing Finance Authority, the Public Education Employees' Health Insurance Board, and the Alabama Community College System. Reference is made herein to the notes to the Annual Comprehensive Financial Report for a more complete description of the State's reporting entities.

Budgetary Controls

Budgetary control is exercised through the Executive Budget Office of the Department of Finance pursuant to the annual appropriation acts of the Alabama Legislature (the "Appropriation

Acts”). The Appropriation Acts include legally adopted budgets for the General Fund, the Education Trust Fund, and other budgeted funds. The Appropriation Acts identify the source of funding and the programmatic (functional) areas for which expenditures are authorized. Both the Constitution of Alabama of 1922, as amended (the “State Constitution”), and Alabama statutes require a balanced budget for annual financial operations. In the event revenue collections do not meet budget projections, the Governor is required to prorate appropriations and restrict allotments to prevent an overdraft in any fiscal year for which appropriations are made. Allotments of appropriations are made quarterly based on plans of operations submitted by the departments and agencies. These appropriations and allotments are enforced by automated edits that prevent allotments in excess of appropriations and expenditures in excess of allotments. Encumbrance accounting is utilized as purchase orders are issued to ensure that purchase orders plus expenditures do not exceed allotment balances. The Budget Office further tightens controls at fiscal-year end by verifying that the total of purchase orders plus expenditures plus any obligations (accounts payable) incurred against fiscal year appropriations do not exceed allotments. Moreover, the Budget Office confirms that remaining allotments do not exceed cash in the State Treasury. For further information on the budgetary process, see “The Budgetary Process and Financial Controls – Financial Controls” below.

Certain Financial Information

The financial information contained in this Official Statement regarding the State is extracted from reports or information prepared by the State Treasurer, the Department of Revenue, the Alabama Department of Transportation, the Retirement System of Alabama, the Alabama State Employees’ Insurance Board and the State Department of Finance. The Department of Examiners of Public Accounts, an arm of the Alabama Legislature, examines and audits the books, accounts and records of all State departments and agencies.

The fiscal year of the State extends from October 1 of a given calendar year to September 30 of the ensuing year. All references to State financial information in this Official Statement (unless specifically noted to the contrary) are to fiscal years of the State.

Alabama statutes mandate the use of the cash basis of accounting for budgetary purposes. Under the cash basis, revenues and expenditures are recorded at the time cash is received or disbursed in accordance with the Appropriation Acts. Unless otherwise noted, financial tables in this report are on the cash basis.

Population

According to the 2023 estimate released by the U.S. Census Bureau, the State had a total population of 5,108,468 as of July 2023. The population density of the State in 2020 (the year of the most recent federal Census information available) was approximately 99.2 persons per square mile for each of its 50,645 square miles of land area, as compared to 93.8 persons per square mile for the United States. The following tables demonstrate population trends in the State as compared to the United States for the years indicated.

Table 1.
Population

	Alabama		United States	
Year	**Population**	**Change Over Preceding Period**	**Population**	**Change Over Preceding Period**
1990	4,040,389	3.8%	248,709,873	9.8%
2000	4,447,100	10.1%	281,421,906	13.2%
2010	4,779,736	1.5%	308,745,538	0.6%
2020	5,024,279	2.5%	331,449,281	1.0%
2021	5,050,380	0.5%	332,048,977	0.2%
2022	5,073,903	0.5%	333,271,411	0.4%
2023	5,108,468	0.7%	334,914,895	0.5%

Note: 1990, 2000, 2010 and 2020 are Federal Decennial Census data; 2021 to 2023 are estimates.
Source: US Census Bureau

Table 2.
Urban-Rural Population

	Alabama		United States	
Year	**Urban % of Total Population**	**Rural % of Total Population**	**Urban % of Total Population**	**Rural % of Total Population**
1970	58.6	41.4	73.6	26.3
1980	60.0	40.0	73.7	26.3
1990	60.3	39.7	75.2	24.8
2000	55.4	44.6	79.0	21.0
2010	59.0	41.0	80.7	19.3
2020	57.7	42.3	80.0	20.0

Source: US Census Bureau

ECONOMY

General

Alabama's economy showed great resilience in the face of challenges triggered by the COVID-19 pandemic and has since continued to strengthen on a growth trajectory that shows no signs of flattening. As of June 2024, the Alabama Department of Labor reported that the state was supporting more jobs than ever before — with the number of people counted as employed reaching a record 2,270,227. That month, the state's unemployment rate was a mere 2.9%, lower than the U.S. average of 4.1%. Over the course of a 12-month period, wage and salary employment increased by 47,500 jobs to 2,218,400, also a new record high, with gains in the private education and health services sector (+11,900 positions), the government sector (+8,900 positions), and the manufacturing sector (+7,700 positions), among others. The Alabama Department of Labor also reported that private sector average weekly wages increased in June to $1,043.70, the second highest level ever, trailing only December 2023, when average weekly wages were $1,044.12. Meanwhile, researchers at the University of Alabama's Center for Business and Economic Research estimated that the state's Gross Domestic Product, or economic output, grew by 1.9% (about $4.1 billion) to over $217 billion, a relatively fast growth spurt tied to sustained consumer spending. While these researchers see that growth rate slowing for 2024, they noted in a report that they expect the state's economic resiliency to continue throughout the year, thanks to strong consumer spending. Indeed, retail sales, another important barometer of the state's economy, have been strong. The Alabama Retail Association projected that sales during November and December 2023 totaled $18.7 billion, the highest figure ever recorded for the holiday period. Through November 2023, total taxed sales in Alabama had grown almost 3.8% over the same 11 months in 2022, based on the data from the Alabama Department of Revenue.

Looking forward, there are indications that Alabama's economy will continue to gain momentum. In 2023, AIDT, the state's primary workforce development agency, announced that it was working with 133 companies that are hiring Alabamians in 44 of the state's 67 counties, representing 25,000 job opportunities. In addition, state policymakers are taking steps to spark and sustain economic growth. In early 2024, Governor Kay Ivey signed into law the "Working for Alabama" package of six bills that are designed to fuel economic growth around the state. It aims to get more people into the State's workforce, streamline economic development efforts, and invest into Alabama communities, especially those in rural areas. At the same time, a high-level task force headed by Commerce Secretary Ellen McNair began 2024 by launching a project to develop a new economic development strategic plan to keep Alabama competitive into the 2030s. With assistance from consultants McKinsey and Company, the plan is expected to be complete by October 1, 2024, with implementation to swiftly follow.

Alabama is naturally susceptible to the effects of extreme weather events and natural disasters, including foods, droughts, tornadoes and hurricanes. The occurrence of such events can produce significant ecological, environment and economic impacts. Such impacts can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as climate change) including increasing global temperatures and rising sea levels. Such events, as potentially exacerbated by climate change, increase the potential of considerable financial loss to the State, including, without limitation, substantial losses in tax revenues. In addition, many residents, business and government operations could be severely disabled for significant periods of time or displaced, and the State could be required to mitigate those effects at a potentially material cost.

Personal Income

The State's total personal income increased 6.1% from 2020 to 2021, as compared with a nationwide increase of 7.4% during the same period. The State's per capita personal income increased 3.6% from 2020 to 2021, compared to a nationwide increase of 6.2% during the same period.

The following table shows total personal income and per capita personal income in the State as compared to the Southeast region and the United States for the years indicated.

Table 3.
Alabama Personal Income and Comparison of
Alabama Per Capita Personal Income to the Southeast and the United States

Year	Alabama Total Personal Income[(1)]	Per Capita Personal Income: Alabama	Per Capita Personal Income: Southeast[(2)]	Per Capita Personal Income: United States
1980	$31,037	$7,957	$8,802	$10,180
1990	64,240	15,861	17,472	19,621
2000	108,355	24,338	27,330	30,657
2010	161,517	33,849	36,681	40,557
2020	230,873	45,882	52,446	59,151
2021	252,792	50,054	57,602	64,427
2022	258,362	50,920	58,784	65,473
2023	271,640	53,175	61,546	68,531

Note (1) In millions of dollars.
Note (2) Includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia.
Source: U.S. Department of Commerce, Bureau of Economic Analysis; Last updated: May 23, 2024.

Employment

Alabama has traditionally been plagued by one of the nation's lowest labor participation rates, but Governor Ivey's administration has pledged to get a higher percentage of the State's residents into jobs. There are signs of progress. In June 2024, the labor participation rate stood at 57.5% — an improvement of four-tenths of a percentage point from the previous year, according to the Alabama Department of Labor. At the same time, participation by prime-age workers (ages 24-55) increased by 1.4 percentage points to 79.2% over the year, the highest recorded level, the agency said. Moreover, Alabama's civilian labor force also increased to a new record high of 2,338,011 in June 2024, with 34,789 more people joining over the course of a year. State leaders expect continued improvement as new measures in the "Working for Alabama" package remove barriers that keep some people from holding down jobs, including affordable childcare and access to reliable transportation.

Meanwhile, developments in many of Alabama's traditional industries are setting the stage for future growth. Alabama's auto sector continues to attract considerable new investment, including nearly $1.4 billion in growth projects announced during 2023, creating 1,702 anticipated jobs, according to data from the Alabama Department of Commerce. In addition, projects announced in 2023 in Alabama's metals and advanced materials sector involve investments exceeding $730 million and almost 1,000 jobs, according to Commerce projections. Companies in other core industrial sectors such as forest products, aerospace, distribution/logistics, food production and chemicals have also announced growth projects that will generate significant economic activity.

Economic development activity has remained strong across Alabama in recent years, with new facility and expansion projects involving more than $68 billion in new capital investment announced between 2013 and 2023. Projects in 2023 alone involved over $6.4 billion in new investment, with thousands of jobs being created in key industries. Alabama remains a magnet for foreign direct investment (FDI), with 55 FDI projects valued at nearly $3 billion and projected to create over 3,300 jobs announced in 2023, according to data from the Alabama Department of Commerce. Between 2013 and 2023, Alabama has benefited from $28.2 billion in FDI in projects expected to create over 41,000 jobs.

Alabama's manufacturing climate has been thriving, with steady gains in employment, rising productivity, and increasing sophistication among manufacturers. In June 2024, a total of 290,000 Alabamians worked in manufacturing, a figure that rose 7,700 positions over the course of 12 months, according to Alabama Department of Labor data. Manufacturing remains a core pillar of Alabama's economy, accounting for 15.8% of Alabama's total workforce. The state ranks No. 5 among U.S. states in the concentration of manufacturing employment. Alabama's 4,000-plus manufacturers generate output that's equal to 15.6% of the state's annual GDP figure. Those figures are higher than the average for the U.S., with manufacturing accounting for around 10% of the nation's total economic output and 8% of total employment. Overall, manufacturing output in Alabama has risen from less than $28 billion in 2010 to $43.9 billion in 2022, according to the latest available data from the National Association of Manufacturers.

Alabama's auto industry remains a dynamic growth engine for the state's economy. The state is home to large assembly plants operated by Mercedes-Benz, Honda, Hyundai and the Mazda-Toyota Manufacturing USA partnership, as well as Toyota's largest North American engine plant. These companies have combined to invest around $15 billion in their operations in the State, according to data from the Alabama Department of Commerce. They have also assembled over 15 million vehicles in Alabama since Mercedes launched production in Alabama in February 1997. Combined production capacity at the State's auto plants now tops 1.3 million vehicles annually, giving the state a Top 5 ranking in the U.S. Direct employment in Alabama's automotive manufacturing sector totaled 52,700 in June 2024, according to the Alabama Department of Labor. Over 30,000 of these jobs are in Alabama's expanding auto supply chain network, which today counts 150 Tier 1 suppliers and logistics companies.

In addition, the auto industry has played a key role in the growth of Alabama's exports, which set a record annual tally of $27.4 billion in 2023, topping the previous year's record total. Alabama's 2023 export total was 43% higher than 2020's, according to data from the Alabama Department of Commerce. Shipments went to 190 countries, led by Germany, China and Canada. Motor vehicles have long ranked as Alabama's No. 1 export category, followed by chemicals, aerospace parts, minerals and paper. Exports of Alabama-made automobiles exceeded $11 billion in 2023, earning Alabama a No. 1 ranking among auto-exporting states for the first time ever.

Meanwhile, Alabama's aerospace industry is attracting new investment and expanding capabilities as companies add hundreds of jobs to produce innovative high-tech products in communities across the state. In the past decade, the aerospace/defense and aviation industries have announced growth projects in Alabama involving over $4.3 billion in new investment and almost 12,000 job commitments, according to data from the Alabama Department of Commerce. The industry's biggest names continue to invest in Alabama, including United Launch Alliance, which earlier this year completed a $300 million-plus expansion project at its Decatur rocket factory, and Airbus, which is adding a new Final Assembly Line for A320 Family aircraft in Mobile. Together, those two projects alone are adding over 1,300 aerospace manufacturing jobs in Alabama. Other companies launching or completing growth projects in Alabama during 2024 include Lockheed Martin, Raytheon and GE Aerospace. Employment in Alabama's aerospace manufacturing sector has remained solid in recent years, totaling 14,800 in June 2024, according to the Alabama Department of Labor.

While often overlooked, Alabama's bioscience industry delivers a major financial impact for the State. Alabama is home to 780 bioscience establishments employing nearly 18,000 people earning average annual salaries exceeding $67,000, according to an analysis conducted by researchers at The University of Alabama on behalf of BioAlabama, an industry trade group. The report emphasized that Alabama possesses key strengths in life sciences segments such as medical research, drug discovery, genomic medicine, and medical devices. The University of Alabama at Birmingham (UAB), in particular, is a research powerhouse, receiving nearly $775 million in research awards and extramural awards in Fiscal 2023, an increase of $247.5 million over five years. In addition, UAB is constructing a $78 million facility, the Altec/Styslinger Genomic Medicine and Data Sciences Building, to advance its leadership in precision medicine, genomic science, and biomedical research. Also in Birmingham, Southern Research — a landmark in Alabama's bioscience sector since its founding in 1941 — has begun construction on a flagship biotech center as part of an $108 million project. The State of Alabama contributed financially to both projects. Alabama is also working to ensure the bioscience industry's workforce needs are fully met. Alabama workforce development agency AIDT teamed with BioAlabama to introduce a comprehensive Bioscience Technician Program, which aims to equip aspiring individuals with the necessary skills and knowledge to pursue fulfilling careers in the biotech industry.

A key priority for Alabama's economic development team is fostering the growth of technology-focused jobs in fields including R&D, engineering, and design. Companies including Evonik (medical devices), GKN Aerospace (composite aerostructures) and New Flyer (electric buses) have all joined Boeing (aerospace technologies) in setting up R&D centers in Alabama in recent years. Another high-level priority for Alabama is to expand information technology jobs in the state. During 2023, information technology companies announced growth projects in the state involving $296 million in new investment and 695 job commitments, according to data from the Alabama Department of Commerce. In 2024, Meta Platforms, the parent of Facebook, Instagram and other apps, announced plans for an $800 million data center in Montgomery, supporting the creation of 100 jobs and expanding on a $1 billion-plus investment it has made in Huntsville data centers. The Alabama Innovation Corporation, a public-private partnership, is a new initiative created to support statewide entrepreneurship, rural businesses, R&D at existing companies, and access to advanced technical skills that will drive a future workforce.

The following table depicts the overall level of employment in the State (not seasonally adjusted) for the following years.

Table 4.
Civilian Labor Force Trends

	Alabama (in thousands)			Unemployment Rates (%)		
Year	**Labor Force**	**Employed**	**Unemployed**	**Alabama**	**East South Central(1)**	**United States**
2014	2,165	2,019	146	6.7	6.7	6.2
2015	2,152	2,020	132	6.1	5.8	5.3
2016	2,156	2,029	127	5.9	5.3	4.9
2017	2,203	2,104	100	4.5	4.4	4.4
2018	2,240	2,152	88	3.9	4.0	3.9
2019	2,272	2,199	72	3.2	3.8	3.7
2020	2,263	2,119	145	6.4	7.0	8.1
2021	2,250	2,174	76	3.4	4.3	5.3
2022	2,276	2,219	58	2.5	3.4	3.6
2023	2,308	2,250	58	2.5	3.3	3.6

Note (1) Includes Alabama, Kentucky, Mississippi, and Tennessee.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

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The table below depicts the areas in which the State's nonagricultural labor force is employed.

Table 5.
Annual Average Nonagricultural Employment
(in thousands)

	2020		2021		2022		2023		2024	
	Employees	**% of total**	**Employees**	**% of total**	**% of total**	**Employees**	**Employees**	**% of total**	**Employees**	**% of total**
Total	1,872.1	--	2,024.9	--	2,079.1	--	2,170.9	--	2,218.4	--
Mining & logging	9.6	0.5	9.2	0.5	8.3	0.4	9.3	0.4	8.7	0.4
Construction	90.1	4.8	93.9	4.6	103.2	5.0	100.9	4.6	107.3	4.8
Manufacturing	248.4	13.3	263.3	13.0	269.4	13.0	282.3	13.0	290.0	13.1
Trade, transportation & utilities	365.1	19.5	389.8	19.7	399.2	19.2	407.7	18.8	413.1	18.6
Information	18.8	1.0	19.2	0.9	20.9	1.0	23.7	1.1	24.4	1.1
Financial Activities	93.7	5.0	97.0	4.8	98.0	4.7	105.1	4.8	104.6	4.7
Professional & business services	219.6	11.7	250.2	12.4	252.7	12.2	267.7	12.3	266.8	12.0
Education & health services	222.9	11.9	239.1	11.8	245.8	11.8	257.9	11.9	269.8	12.2
Leisure & hospitality	124.0	6.6	181.5	9.0	199.3	9.6	210.0	9.7	216.7	9.8
Other services	88.2	4.7	93.9	4.6	97.8	4.7	103.8	4.8	105.6	4.8
Government	391.7	20.9	387.8	19.2	384.5	18.5	402.5	18.5	411.4	18.5

Source: U.S. Department of Labor, Bureau of Labor Statistics.

*Preliminary, as of July 2024.

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The following tables list (i) the largest employers in the State by number of employees and (ii) the largest manufacturing employees in the State by number of employees and product and/or industry.

Table 6.
Alabama's Top Ten Employers 2023

Employer	Employment Range	Rank	% of Total State Employment
Wal Mart Associates Inc.	40,000-49,999	1	2.19%
Army	20,000-29,999	2	1.22
Publix Alabama LLC	10,000-19,999	3	0.73
Huntsville Hospital	5,000-9,999	4	0.36
University of Alabama – Birmingham	5,000-9,999	5	0.36
US Postal Service	5,000-9,999	6	0.36
UAB Hospital Management LLC	5,000-9,999	7	0.36
Amazon Com Services Inc	5,000-9,999	8	0.36
Mobile Education Board	5,000-9,999	9	0.36
Veterans Affairs Administration	5,000-9,999	10	0.36
Totals	105,000-169,990		6.66%

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Table 7.
Alabama's Manufacturers based on Employment

Employees	Company	Product/Industry
3,000 +	Honda Manufacturing of Alabama LLC	Automobile manufacturing, V-6 engines
	Mercedes Benz US International Inc.	Automobile manufacturing
	Anniston Army Depot	Combat vehicles & small arms for Dept. of Defense
	Mazda Toyota Manufacturing	Motor vehicle manufacturing
	Hyundai Motor Manufacturing Alabama LLC	Automobile manufacturing, automotive engines
	M1 Support Services	Aircraft maintenance
	Austal USA	Ship building; two high-speed, high performance Navy ships
	Boeing Co. – Huntsville	Missile defense, space exploration, missile systems
2,500 – 2,999	Dynetics Inc.	Aerospace, defense
	SAIC	Research & development
	Polaris	Off-road vehicles
2,000 - 2,499	Allied Renewable Energy LLC	Petroleum product manufacturing
	Northrop Grumman Corp.	Autonomous systems, cyber, C4ISR, space, strike and logistics
	Airbus U.S.	Aircraft assembly
1,500 – 1,999	Adtran Inc.	Telecommunications equipment
	SMP Automotive Systems Alabama	Automotive components
	Toyota Motor Manufacturing Alabama	Engines
	Wayne Farms	Poultry processing
	Lockheed Martin Missiles/Space	Missiles & space vehicles; commercial physical & biological research
	Wayne-Sanderson Farms LLC	Debone poultry
	AM/NS Calvert	Steel
	American Cast Iron Pipe Co.	Fire hydrants, valves, ductile iron pipe, steel pipe
	Pilgrim's Pride	Poultry processing
1,000 - 1,499	Michelin North America/BF Goodrich	Tire manufacturing (aftermarket)
	MOBIS Alabama LLC	Motor vehicle chassis, plastic parts, distribution
	North American Lighting	Automotive lighting fixtures
	Wellborn Cabinet	Wooden cabinets and drawers
	GE Appliances	Refrigerators
	Tyson Foods	Poultry processing
	Constellium	Aluminum & sheetmetal fabricating
	Koch Foods	Poultry Processing
	Tiffin Motor Homes Inc.	Motor homes
	Farm Fresh Foods	Food processing
	Maples Industries	Scatter rugs, bath rugs
	TDG Operations LLC	Carpet & rugs
	Gc Eos Buyer Inc. dba BBB Industries	Engine electrical equipment
	New South Express LLC	Automotive supplier
	Southern Energy/Cavalier Homes	Manufactured homes
	Wayne Farms Prepared Foods	Poultry processing
	Phifer Inc.	Fabricated wire products and woven fabrics for screening and related purposes
	Pilgrim's Pride Corp. of Georgia Inc.	Poultry processing
	Collins Aerospace, A United Technologies Co.	Aircraft nacelle manufacturing & MRO
	GKN Westland Aerospace Inc.	Aerospace composites; aircraft assemblies
	Sara Lee Food & Beverage	Processed meats
	Pactiv Evergreen	Aluminum cans
	VT Mobile Aerospace Engineering Inc.	Aircraft parts and equipment
	Hexagon US Federal	Software development
	Mar-Jac Poultry	Poultry processing
	Science & Engineering Services	Aviation integration
	Shaw Industries Inc.	Carpet fiber
	Koch Foods of Gadsden LLC	Poultry processing
	EBSCO Industries Inc.	Business services, manufacturing & real estate; publishing
	Heil Environmental	Garbage truck bodies
	Intergraph Corp.	Software; computer peripheral equipment
	Nifco Korea USA Inc.	Rubber and plastic product manufacturing
	Outokumpu Stainless USA LLC	Premium stainless steel processing
	Pilgrim's Pride Corp.	Poultry processing
	Wayne Farms	Poultry processing

Source: *Business Alabama,* June 2024, https://businessalabama.com/ranking-alabamas-largest-manufacturers-2024/05/ManufactirersList-2024.pdf

Real Gross Domestic Product (formerly Real Gross State Product)

Real Gross Domestic Product ("RGDP") is a comprehensive measure of economic performance for the State and is the State's counterpart of the nation's gross domestic product. Alabama's RGDP is defined as the total value of all final goods and services produced in the State in constant dollar terms. Hence, changes in RGDP reflect changes in final output. From 2016 to 2023, the State's RGDP increased13.6%.

The following table compares the State's RGDP by industry for the years indicated.

Table 8.
Alabama's Real Gross Domestic Product
(in millions of chained 2017 dollars)*

Industry	2016	2017	2018	2019	2020	2021	2022	2023	% Change 2016-2023
Agriculture, forestry	2,227.2	2,430.4	2,575.9	2,169.7	1,733.3	2,429.5	2,165.7	1,038.7	-53.4
Mining	1,584.0	1,950.0	1,810.7	1,749.9	1,606.0	1,552.9	1,614.0	2,056.3	32.8
Utilities	6,444.6	6,156.8	5,993.6	6,178.2	6,356.8	6,063.3	6,086.9	6,071.1	-5.8
Construction	8,509.7	8,824.8	9,193.6	9,818.4	9,929.6	10,396.9	9,780.2	9,698.2	14.0
Manufacturing	34,344.0	35,501.4	36,772.1	36,962.0	35,617.6	35,769.9	38,245.1	39,861.6	16.1
Wholesale trade	12,356.6	12,582.8	12,703.4	12,639.8	13,165.7	13,484.2	12,809.0	12,266.7	-0.7
Retail trade	14,775.9	15,286.2	15,753.3	16,317.1	16,696.1	16,370.2	15,548.8	16,927.4	14.6
Transportation and warehousing	5,671.6	6,050.6	6,327.2	6,006.1	5,894.5	6,524.3	6,315.3	6,508.7	14.8
Information	4,187.5	4,381.3	4,569.9	5,151.3	5,097.7	5,815.1	6,348.4	6,618.4	58.1
Finance and insurance	13,336.6	12,207.1	11,961.9	12,062.9	12,107.5	13,416.7	12,453.3	12,150.7	-8.9
Real estate and leasing	24,706.5	24,539.0	24,846.0	25,570.8	25,463.8	27,250.3	28,230.3	28,377.6	14.9
Professional and business services	19,749.3	20,996.8	22,008.3	22,897.9	22,917.7	24,891.1	26,693.8	28,090.5	42.2
Educational services and health care	17,272.9	17,452.0	17,861.1	18,656.4	18,057.2	18,843.1	19,415.4	20,204.6	17.0
Arts, entertainment and recreation	6,862.9	6,935.1	6,953.3	7,048.0	5,948.7	7,276.7	7,748.6	7,944.9	15.8
Other services	5,523.4	5,571.4	5,787.1	5,666.3	5,394.5	5,467.5	5,747.9	5,645.1	2.2
Government	35,266.3	35,749.8	35,722.78	36,116.6	36,069.6	36,419.9	37,424.4	39,598.5	12.3
Total State Real GDP	212,862.8	216,615.5	220,808.8	224,944.6	222,081.4	231,892.6	235,807.3	241,753.1	13.6

* Columns may not add due to elimination of de minimis categories. The use of chained dollars adjusts for inflation over time, with 2017 as the base year.

Source: U.S. Department of Commerce, Bureau of Economic Analysis; Last updated: May 23, 2024.

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The following table compares the actual growth of the gross domestic product for the State to the actual growth of the gross domestic product of the United States over the past ten years.

Table 9.
Rates of Change in Real Gross Domestic Product
Alabama and the United States

Year	Alabama Gross Product	Annual Percentage Change	United States Gross Product	Annual Percentage Change
2014	206.07	-0.5%	18,261,714	2.5%
2015	208.95	1.4%	18,799,622	2.9%
2016	212.86	1.9%	19,141,672	1.8%
2017	216.62	1.8%	19,612,102	2.5%
2018	220.81	1.9%	20,193,896	3.0%
2019	224.94	3.8%	20,692,087	2.5%
2020	222.08	-1.3%	20,234,074	-2.2%
2021	231.89	4.4%	21,407,692	5.8%
2022	235.81	1.7%	21,822,037	1.9%
2023	241.75	2.5%	22,376,906	2.5%

*Billions of chained 2017 dollars. The use of chained dollars adjusts for inflation over time, with 2017 as the base year.
Source: U.S. Department of Commerce, Bureau of Economic Analysis; Last updated: May 23, 2024.

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Transportation

Water Transportation. Alabama contains one of the largest networks of inland river systems in the nation, boasting nearly 15,000 miles of inland and intra-coastal waterways, a vital part of the Port of Mobile's transportation network. The waters of four major rivers flow from the northern section of the State down to the Gulf of Mexico, offering barge transportation to industries and businesses that depend on the movement of large, heavy, or bulky cargoes. These barges connect producers and manufacturers, from the interior of the U.S. and as far as Canada, to the port, giving them access to global markets.

The Port of Mobile is the 14th largest port in the nation in total throughput tonnage (U.S Army Corps of Engineers). The Port of Mobile, Alabama's Seaport and only deep-water port, handles more than 1,400 vessels annually, and is, year-over-year, the fastest growing container port in the nation and the second fastest growing port in the last decade. The Port of Mobile handled the cargo tonnage shown in the following table.

Table 10.
Port of Mobile Cargo Tonnage, 2002-2022

(thousands of short tons)

Year	Approximate Tonnage
2002	46,022
2003	50,214
2004	56,212
2005	57,665
2006	59,832
2007	64,494
2008	67,636
2009	52,219
2010	55,713
2011	55,552
2012	54,888
2013	53,993
2014	64,288
2015	58,595
2016	58,024
2017	58,157
2018	58,636
2019	56,894
2020	53,207
2021	50,268
2022	50,520

Source: U.S. Army *Corps* of Engineers, Navigation Data Center, Waterborne Commerce of the United States.

The facilities of the Alabama State Port Authority (the "Port Authority"), locally known as the Alabama State Docks, were first developed by the State during the 1920s. The Port Authority has generally reinvested its earnings in the development of the facilities, resulting in continued growth in cargo handling capacity, and generating additional net revenues from operations.

Completed in 1985 under the direction of the Tennessee-Tombigbee Waterway Development Authority, the 234-mile Tennessee-Tombigbee Waterway was constructed to connect the Tennessee River with the Tombigbee River and thereby connect the waterways of mid-America with the Gulf of Mexico through the Port of Mobile.

To complement its river system, Alabama built a series of inland docks located throughout the State, some that included grain elevators to provide storage for Alabama agricultural products. The eight inland docks currently owned by the Port Authority are operated under lease arrangements.

In August 2020, the Alabama Highway Finance Corporation (the "Corporation") issued $118,460,000 Special Obligation Revenue Bonds, Series 2020A and, in connection therewith, the Port Authority, in conjunction with the United States Army Corps of Engineers, is making various capital improvements to the Port of Mobile Ship Channel, which includes the widening and deepening of the Ship Channel. The $366 million harbor modernization program will enable larger ships to transit the channel, keeping pace with ongoing terminal investments in Alabama's seaport to ensure economies of scale and competitive rates for the seaport's shippers. The harbor improvements will primarily serve coal and containerized shippers, and with project completion in early 2025, the port will be able to handle the largest container and other ships permitted through the Panama Canal.

The Port of Mobile recently completed a new state-of-the-art $60 million vehicle roll-on/roll-off (RO/RO) terminal including a vehicle-processing center, supporting the strong and growing automotive industry in the south.

Originally constructed in 2008, the Port's container terminal has undergone a series of phased expansions over the past several years increasing its footprint to 135 acres and an annual throughput capacity of 650,000 TEUs. Its latest expansion project is now under way and will add an additional 32 acres of yard space and increase throughput capacity to 1M TEUs per annum. The container terminal recently received two new Super Post-Panamax STS cranes ($30M) for a total of six cranes operating on its 2400ft berth.

Opened in 2016, the Port's Intermodal Container Transfer Facility (ICTF) is undergoing a $65M expansion project to double its capacity. With the addition of a terminal interconnecter bridge ($38M) connecting the container terminal to the ICTF, The Port of Mobile will have one of the largest on-dock intermodal rail facilities in the country. Additional intermodal rail investment ($81M) is being made in Montgomery, AL where the development of an inland port will enhance the ports connectivity to the central and northern regions of the state.

The Port of Mobile's capabilities and connectivity make it an ideal gateway for all types of cargo, from coal and containers to forest products and steel to automobiles and aggregates. The port is able to handle import and export cargoes of virtually any type and volume. With deep water, modern equipment and multimodal connectivity, the port is one of the most efficient, productive and accessible ports in the nation. The Port of Mobile keeps the supply chain moving by shifting vessels in and out of port as efficiently as possible, providing fast transit times and cost-effective solutions. Unlike other major Gulf Coast ports, the Port of Mobile is three hours from the Gulf of Mexico. This means only three hours from open water to berth and only one bar pilot is required to escort the vessels to berth.

The Port Authority owns and operates a terminal railroad at the port complex that performs all switching activities, ensuring that cargo arrives at its intended destination on time. With direct access to five Class 1 railroads and four short line railroads including its terminal railroad, the Port of Mobile moves containerized, bulk or breakbulk cargo to any destination. The Port of Mobile has direct and easy access to two Interstate highways covering transport in all directions. The Mobile Aeroplex at Brookley, owned and operated by the Mobile Airport Authority, is less than two miles away from the seaport and its maritime activities. Logistics providers have unique access to a multimodal transportation ecosystem that includes water, air, road, and rail.

Railroads. Five Class I railroads and 20 Class III, or short line, railroads operate more than 3,700 miles of track within Alabama, linking the State to the nation's major markets. The main line railroads include Norfolk Southern Corporation, Burlington Northern/Santa Fe Railway, CSX Transportation, Canadian National Railway Company, and Kansas City Southern. Five Class I railroads and a Class III rail ferry service to Mexico serve the Port of Mobile, four major railroads converge on the manufacturing and distribution center of Birmingham and two lines serve the capital city of Montgomery. The railroad network serves 65 of Alabama's 67 counties.

Airports. Seven major airports provide commercial passenger airline service in Alabama. Air cargo service is provided by five airports, which have designated Foreign Trade Zones.

Highway System (Road and Bridge). Approximately 80,000 miles of all-weather state and local roads are anchored by 23,500 miles of federal highways. Six interstate highways and a network of four-lane divided highways link major Alabama cities to national markets.

Utilities

Electrical generation service in Alabama is provided by Alabama Power Company, the Tennessee Valley Authority, electric cooperatives and municipal electric systems, utilizing primarily coal, natural gas, hydroelectric and nuclear facilities.

Natural gas is supplied from several sources. Although an increasingly significant quantity is supplied from the natural gas and crude oil fields of Alabama, the majority of the statewide gas requirements are provided from out-of-state sources via interstate gas transmission lines. Transmission companies with gas lines into or through Alabama include: Alabama-Tennessee Natural Gas Company, American Midstream (Alabama Intrastate) LLC, American Midstream (Bamagas Intrastate) LLC, American Midstream (Tennessee River) LLC, East Tennessee Natural

Gas Company, Florida Gas Transmission Company, Genesis Pipeline Alabama, LLC, Southcross Alabama Pipeline LLC, Southern Gas Transmission Company, Southern Natural Gas Company, Tennessee Gas Transmission Corporation, Texas Eastern Transmission Corporation, Transcontinental Gas Pipe Line Corporation and United Gas Pipe Line Company.

Gas distribution companies or gas districts distribute natural gas. The larger distribution companies include Spire (formerly, Alabama Gas Corporation and the Mobile Gas Service Corporation), Wheeler Basin Natural Gas Company, and Huntsville Utilities.

Education

Alabama provides a mix of public and private educational opportunities. The State Board of Education establishes policies and exercises general control over the public school system. The Board is comprised of elected representatives from eight districts plus the Governor as its president. The Board and the State Department of Education oversee 1,487 public schools in Alabama serving approximately 750,000 PK-12 students. The State has approximately 149 school districts, each with its own local board and superintendent of education.

In 2023 (the most recent year available), Alabama's state average score on the ACT college entrance exam was 18. This compares with the national average score of 19.5. Public school students who took the SAT college entrance exam (approximately 3%) scored above the national average.

Alabama has moved from an assessment system based on multiple standards to a focused and linear system, the primary function of which is ensuring the State produces graduates that are college and career ready. It includes the following: *Dynamic Indicators of Basic Early Literacy Skills* assessment (Grades K-2); the *ACT Aspire* assessment (Grades 3-8 and 10); the *ACT QualityCore* End-of-Course assessments (English 9 or 10 and Algebra I); the *ACT with Writing* (Grade 11); and the *ACT WorkKeys* (Grade 12). The *Alabama Alternate Assessment* is administered to students with significant cognitive disabilities working on the Alabama Extended Standards. *ACCESS for ELLs 2.0* is administered annually to students in Grades K-12 who are identified as English language learners. The *Alternate ACCESS for ELLs* is administered to English language learners with significant cognitive disabilities. Alabama has also purchased a statewide license from Scantron that provides access to Performance Series (online computer adaptive) and Achievement Series (online criterion referenced) tests for every K-12 student in the State.

Historically, all students had to pass the Alabama High School Graduation Exam in order to receive a diploma. Students took a pre-graduation exam in the spring of the tenth grade as a checkpoint leading to the Alabama High School Graduation Exam. A student had four opportunities, if needed, to pass each subject area test before exiting school. The Alabama High School Graduation Exam is now phased out. The last cohort that had the Alabama High School Graduation Exam as a diploma requirement was the group of students that entered the ninth grade for the first time in 2011-2012. In conjunction with the transition from the graduation exams, Alabama moved to the 4-Year Cohort Graduation Rate. The State's Cohort Graduation Rate increased from 72% in 2011 to 91% in 2023.

Increasing the graduation rate and ensuring more graduates are college and career ready are two primary focuses of Plan 2020, Alabama's strategic plan for educational improvement. For that to happen, students must have a plan for high school. Alabama requires that an online four-year plan for all students be completed prior to the spring of their ninth-grade year. The State has purchased a license for Kuder and provided students and educators with access to that platform for this purpose. Though the plan is required by the spring of the ninth-grade year, best practice suggests that they be completed by the end of the eighth-grade year. The Kuder platform includes three career interest assessments, meant to be given in the sixth, seventh, and eighth grades, to assist in the development of the four-year plans.

The following table indicates the estimated level of education in Alabama as compared to the United States as a whole.

Table 11.
Educational Attainment for the Population
25 Years and Older

Level of Education	Alabama	United States
High school graduate or higher	87.7%	89.1%
Bachelor's degree or higher	27.2%	34.3%

Source: US Census Bureau, American Fact Finder: 2018-2022 American Community Survey 5-Year Estimates.

GOVERNMENTAL ORGANIZATION AND SERVICES

Under the State Constitution, the powers of the State government are divided into three distinct branches – the legislative, executive and judicial.

Legislative Branch

The legislative power is vested in the Alabama Legislature, which consists of the Senate and the House of Representatives. The Senate consists of 35 members elected by popular vote from 35 senatorial districts, and the House of Representatives consists of 105 members elected by popular vote from 105 House of Representatives districts. Legislative members are elected for four-year terms by general election and take office on the day after the general election in which they are elected. An organizational session of the Legislature is held in January following the general election and annual sessions commence in March of the first year, in February of the second and third years and in January of the fourth year. Special sessions may be called by the Governor for the limited purpose of enacting legislation on the subjects specified by the Governor in the call of such sessions. The Legislature may, by a vote of two-thirds of each house, also enact legislation at special sessions on matters not included in the Governor's call. A full-time staff, which is augmented by a part-time staff, assists the Legislature.

The legislative branch also includes (i) the Legislative Council, whose purpose is to suggest research studies to the Legislative Reference Service and to recommend legislation to the Legislature; (ii) the Legislative Services Agency, consisting of the Legal Division, Fiscal Division, and Law Revision Division; and (iii) the Examiners of Public Accounts, whose purpose is to examine and audit the books, accounts and records of all State and county offices, officers, bureaus, boards, commissions, corporations, departments and agencies, including all State institutions of higher education.

Executive Branch

The State Constitution provides that the elected officers of the State shall be the Governor, Lieutenant Governor, Attorney General, State Auditor, Secretary of State, State Treasurer and Commissioner of Agriculture and Industries. The individuals now serving as such officers were elected at the general election in November 2018 and will hold office until January 2023.

The supreme executive power of the State is vested in the Governor, who has the constitutional responsibility for ensuring that laws are faithfully executed, providing the Legislature with information on the condition of the government, presenting the budget and recommending to the Legislature such measures as he or she may deem expedient. The Governor is also empowered to convene special sessions of the Legislature and to veto bills, but the Legislature may, in the manner provided by the State Constitution, reconsider and reenact measures vetoed by the Governor. Broad appointive and investigative powers are conferred upon the Governor by State statute.

The Lieutenant Governor serves as president of the Senate and becomes Governor in case of the inability of the Governor to exercise the powers and perform the duties of his or her office.

The Attorney General is the chief law enforcement officer of the State. His duties include providing legal advice and representation for the State and its officers. The Attorney General represents the State before all federal and State courts in all cases in which the State is a party and institutes proceedings to enforce the statutes, rules and regulations of the State.

The State Auditor is responsible for post-auditing the accounts and records of the Department of Finance and the State Treasurer. The State Auditor makes an annual report showing all receipts and disbursements and conducts a continuous monthly audit of the State Treasurer's Office, reconciling all accounts with the State Comptroller's records.

The Secretary of State is responsible for the custody and use of the Great Seal of the State, for certifying and distributing public documents, and for performing other duties as prescribed by law.

The State Treasurer is responsible for the custody of all State funds and other funds deposited with the State and for the payment of debt of the State and its agencies. The office of the State Treasurer is the State's central banking agency.

The Commissioner of Agriculture and Industries is responsible for regulatory control over certain products and industries involving matters of food safety, weights and measures and pesticide application, as well matters involving agriculture, livestock and poultry.

The Department of Finance is a statutory department established in 1939 to manage, control and supervise all matters pertaining to fiscal affairs of the State and its departments, boards, bureaus, commissions, agencies, offices and institutions. The Director of Finance, who is appointed by the Governor, manages the Department of Finance. The Director of Finance acts as chief financial officer of the State and is directly responsible for the following divisions of the Department of Finance: Executive Budget Office, Control and Accounts (Comptroller's Office), Debt Management and Capital Planning, Purchasing, Information Services, Indigent Defense

Services, Space Management, State Business Systems, Risk Management, Services, Legal, Personnel, Real Property Management and Accounting & Administration.

The State Department of Revenue was created in 1939 and is responsible for supervising and controlling the valuation, equalization, assessment and collection of certain taxes assigned to it for collection. The Governor appoints the Commissioner of Revenue.

Judicial Branch

The judicial power of the State is vested in a unified judicial system consisting of a Supreme Court, a Court of Criminal Appeals, a Court of Civil Appeals, trial courts of general jurisdiction known as circuit courts, trial courts of limited jurisdiction known as district courts and such municipal courts as are provided for by law. Additional judicial functions are performed by the State's probate courts.

The Supreme Court exercises jurisdiction as the highest court of the State for appeals and consists of nine Justices (the Chief Justice and eight Associate Justices). The Court of Criminal Appeals has exclusive appellate jurisdiction of all appeals in criminal cases. The Court of Civil Appeals hears appeals from certain decisions of civil trial courts. The circuit courts have exclusive jurisdiction in certain civil and criminal cases as provided by law, and by de novo proceedings they exercise appellate jurisdiction of civil, criminal and juvenile cases which have first been tried in district courts.

In addition to the State's system of courts, there is a Judicial Inquiry Commission, which reviews complaints received against judges, conducts field investigations and prosecutes cases before the Court of the Judiciary.

INDEBTEDNESS

Limitations on Debt

Pursuant to Section 213 of the State Constitution, as amended by Amendment 26 thereto (the "Constitutional Budget Amendment"), the State is constitutionally prohibited from incurring debt, and the only method by which general obligation debt of the State can be incurred is by an amendment to the State Constitution. Although conventions proposed by the Legislature and approved by the electorate may be called for the purpose of amending the State Constitution, all amendments have historically been adopted through a procedure which requires them to be proposed by a favorable vote of three-fifths of all the members of each house of the Legislature and thereafter approved by a majority of the voters of the State voting in a statewide election.

The Supreme Court of Alabama has held that the debt prohibition contained in the Constitutional Budget Amendment does not apply to obligations incurred for current operating expenses payable during the current fiscal year, debts incurred by separate public corporations functioning as instrumentalities of the State, or State debt incurred to repel invasion or suppress insurrection. The State may also make temporary loans not exceeding $300,000 to cover deficits in the State Treasury. Limited obligation debt payable solely out of certain taxes and other revenues may be authorized by the Legislature without an amendment to the State Constitution. The State has followed the practice of financing certain capital improvement programs, principally for highways, education and improvements to the facilities of the Alabama State Port Authority, through the issuance of limited obligation bonds payable solely out of certain taxes and other revenues specifically pledged for their payment and not from the general revenues of the State. Such limited obligation bonds are not general obligations of the State, and the full faith and credit of the State have not been pledged to the payment thereof. See Table 13 ("Limited Obligation Bonds of State Departments and Certain State Authorities Outstanding at the Close of Business on August 1, 2024") herein.

General Obligation Debt

As of August 1, 2024, seven series of general obligation bonds of the State, aggregating $430,345,000, remain outstanding. The full faith and credit of the State are pledged for the payment of each of those issues. The State has historically paid from the General Fund the principal of and interest on those of its general obligation bonds for which no moneys or taxes are specifically appropriated or earmarked, and is authorized to use funds from the Alabama Capital Improvement Trust Fund for the payment of principal and interest on certain general obligation bonds. Currently, the Alabama Capital Improvement Trust Fund is paying a portion of the debt service on the State's General Obligation Bonds 2014-A, General Obligation Bonds, Series 2016-A, General Obligation Refunding Bonds, Series 2016-C, General Obligation Bonds, Series 2018-A, Taxable General Obligation Bonds, Series 2018-B, General Obligation Bond, Series 2022-A and General Obligation Bond, Series 2022-B.

The following table sets forth the principal amount of general obligation debt of the State outstanding as of the close of business on August 1, 2024.

Table 12.
State of Alabama General Obligation Debt

Issue	**Dated**	**Outstanding Principal Amount**
Series 2014-A	August 6, 2014	$ 47,800,000
Series 2016-A	March 8, 2016	80,590,000
Series 2016-C	October 6, 2016	86,380,000
Series 2018-A	December 13, 2018	98,360,000
Series 2018-B	December 13, 2018	14,390,000
Series 2022-A	October 21, 2022	25,000,000
Series 2022-B	November 9, 2022	82,465,000
Total		**$430,345,000**

Source: Department of Finance

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Limited Obligation Bonds of State Departments and Certain State Authorities

The State has created public corporations and authorities of the State for the purpose of financing certain projects and programs such as public highways, public education facilities, judicial facilities, industrial site preparation grants and surveys, single and multifamily housing and agricultural development loans. The obligations of such public corporations and authorities are not general obligations of the State, but are rather limited obligations of the issuer, payable solely from the revenues pledged for the obligations of each such issuer including, in some cases, earmarked tax revenues and, in other cases, revenues from the projects or programs financed.

The following table shows the principal amount of limited obligation bonds outstanding as of the close of business on August 1, 2024, which are payable from tax revenues or other State funds.

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Table 13.
Limited Obligation Bonds of State Departments and Certain State Authorities Outstanding

at the Close of Business August 1, 2024

Principal Outstanding	Title of bonds (security/pledged revenues)	Final Maturity [1]
145,880,000	Alabama Public School and College Authority Special Obligation Bonds, Series 2009-D Capital Improvement Pool Qualified School Construction Bonds Tax Credit Bonds (sales, use taxes, utility gross receipts and utility service taxes)	2026
154,727,000	Alabama Public School and College Authority Special Obligation Bonds, Capital Improvement Pool Qualified School Construction Bonds, Direct Loan Bonds (sales, use taxes, utility gross receipts and utility service taxes)	2027
51,270,000	Alabama Public School and College Authority Special Obligation Bonds, Qualified Zone Academy Bonds, Series 2011-A (sales, use, utility gross receipts and utility service taxes)	2026
6,255,000	Alabama Public School and College Authority Capital Improvement Pool Bonds Series 2013-A (sales, use taxes, utility gross receipts and utility service taxes)	2025
3,780,000	Alabama Public School and College Authority Capital Improvement Pool Bonds Series 2013-D Taxable (sales, use taxes, utility gross receipts and utility service taxes)	2026
11,580,000	Alabama Public School and College Authority Capital Improvement Pool Refunding Bonds Series 2014-A (sales, use taxes, utility gross receipts and utility service taxes)	2026
202,015,000	Alabama Public School and College Authority Capital Improvement Refunding Bonds Series 2014-B (sales, use taxes, utility gross receipts and utility service taxes)	2027
23,975,000	Alabama Public School and College Authority Bonds, Series 2015-B Pool Refunding Bonds (sales, use taxes, utility gross receipts and utility service taxes)	2029
15,150,000	Alabama Public School and College Authority Special Obligation Bonds, Series 2015-C Pool Bonds (sales, use taxes, utility gross receipts and utility service taxes)	2030
20,290,000	Alabama Public School and College Authority Special Obligation Bonds, Series 2016-A Pool Bonds (sales, use taxes, utility gross receipts and utility service taxes)	2036
14,440,000	Alabama Public School and College Authority Special Obligation Bonds, Series 2017-A Pool Bonds (sales, use taxes, utility gross receipts and utility service taxes)	2038
21,460,000	Alabama Public School and College Authority Special Obligation Bonds, Series 2019-A Pool Bonds (sales, use taxes, utility gross receipts and utility service taxes)	2039
1,204,860,000	Alabama Public School and College Authority Special Obligation Bonds, Series 2020-A Capital Improvement and Refunding Social Bonds (sales, use taxes, utility gross receipts and utility service taxes, and lease taxes)	2040
135,930,000	Alabama Public School and College Authority Special Obligation Bonds, Series 2020-C Capital Improvement Pool Refunding Social Bonds (sales, use taxes, utility gross receipts and utility service taxes, and lease taxes)	2035
34,155,000	Alabama Public School and College Authority Special Obligation Bonds, Series 2022-A Capital Improvement Pool Bonds (sales, use taxes, utility gross receipts and utility service taxes, and lease taxes)	2042
2,465,000	Alabama Building Renovation Finance Authority, Series 2010 (lease payments from various State agencies to Authority)	2024

Principal Outstanding	Title of bonds (security/pledged revenues)	Final Maturity (1)
42,590,000	Alabama Incentives Financing Authority, Series 2009-B (TVA in-lieu-of-taxes)	2029
13,780,000	Alabama Incentives Financing Authority, Series 2019-A Refunding Bonds (TVA in-lieu-of-taxes)	2029
128,565,000	Alabama Incentives Financing Authority, Series 2019-B (TVA in-lieu-of -taxes)	2042
49,350,000	Alabama Public Health Care Authority, Series 2015 (lease payments from Department of Public Health)	2044
15,885,000	Alabama Public Health Care Authority, Series 2016 (lease payments from Department of Public Health)	2035
20,440,000	Alabama Federal Aid Highway Finance Authority, Tax-Exempt Special Obligation Revenue Bonds Series 2021-A (Anticipation of Federal Grant Revenues and Gasoline Tax)	2037
1,321,035,000	Alabama Federal Aid Highway Finance Authority, Taxable Special Obligation Revenue Bonds Series 2021-B (Anticipation of Federal Grant Revenues and Gasoline Tax)	2037
85,230,000	Alabama Highway Finance Corporation Series 2020-A Limited Obligation Bonds (Gasoline Tax)	2040
7,661,000	Alabama Revolving Loan Fund Authority, Series 2021 (privilege and license tax on providers of cellular radio telecommunications services)	2030
80,925,000	Alabama Economic Settlement Authority Series 2016-A Special Revenue Bonds (BP Settlement)	2033
355,730,000	Alabama Economic Settlement Authority Series 2016-B Special Revenue Bonds (BP Settlement)	2032
4,520,000	Alabama Transportation Infrastructure Bank Series 2022-A Loan Program with pledged revenues from local entity and State revenues pledged under master indenture	2037
64,515,000	Alabama Transportation Infrastructure Bank Series 2022-B Loan Program with pledged revenues from local entity and State revenues pledged under master indenture	2042
4,170,000	Alabama Transportation Infrastructure Bank Series 2023-A Loan Program with pledged revenues from local entity and State revenues pledged under master indenture	2038
6,940,000	Alabama Transportation Infrastructure Bank Series 2023-A Loan Program with pledged revenues from local entity and State revenues pledged under master indenture	2043
450,610,000	Alabama Corrections Institution Finance Authority Revenue Bonds Series 2022-A	2052
$4,700,178,000	**Total Outstanding**	

(1) Final Maturity in the State's Fiscal Year

Source: Department of Finance, State of Alabama

Table 14.
Debt Service on All Bonds Outstanding
as of Close of Business August 1, 2024 (1)

Fiscal Year Ending September 30	General Obligation Bond Debt Service	Limited Obligation Bond Debt Service	Total Debt Service
2025	$ 66,361,525	$ 463,926,152	$ 530,287,677
2026	66,226,303	467,100,386	533,326,689
2027	63,212,095	452,866,573	516,078,667
2028	40,213,388	432,678,111	472,891,498
2029	34,683,788	366,860,982	401,544,770
2030	34,632,738	359,791,948	394,424,685
2031	34,588,375	358,306,285	392,894,660
2032	34,544,100	358,298,272	392,842,372
2033	25,096,000	358,186,065	383,282,065
2034	25,093,675	288,500,098	313,593,773
2035	25,092,525	288,471,840	313,564,365
2036	25,087,750	285,131,773	310,219,523
2037	25,092,375	281,900,814	306,993,189
2038	17,372,000	153,259,509	170,631,509
2039	17,378,125	145,721,232	163,099,357
2040	6,722,875	143,777,802	150,500,677
2041	6,723,375	135,928,198	142,651,573
2042	6,724,000	64,856,447	71,580,447
2043	6,724,000	44,969,082	51,693,082
2044		44,445,300	44,445,300
2045		39,625,963	39,625,963
2046		39,625,538	39,625,538
2047		39,625,325	39,625,325
2048		16,615,863	16,615,863
2049		16,615,450	16,615,450
2050		16,614,600	16,614,600
2051		16,616,475	16,616,475
2052		16,618,975	16,618,975
Total	**$561,569,010**	**$5,696,935,054**	**$6,258,504,064**

(1) This table excludes annual debt service on any outstanding bonds which have been refunded and for which an escrow trust fund has been established.

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Table 15.
Debt Ratios

as of the Close of Business Augsut 1, 2024

	Principal Amount	Debt Per Capita (1)	Debt to Assessed Valuation (2)	Debt to Personal Income (3)
General Obligation Bonds	$430,345,000	$84.24	0.42%	0.16%
Limited Obligation Bonds(4)	$4,700,178,000	$920.08	4.63%	1.73%
Total	**$5,130,523,000**	**$1,004.32**	**5.06%**	**1.89%**

(1) Based on 2023 population of 5,108,468.

(2) Based on 2023 estimated gross assessed valuation of $101,473,811,517.

(3) Based on 2023 personal income of $271,642,785,900.

(4) Does not include the Series 2024-A Bonds being issued.

Source: Department of Finance, State of Alabama

General Obligation Bonds Authorized and Unissued

Pursuant to Amendment 666 of the State Constitution, the State was initially authorized to sell and issue up to $350 million aggregate principal amount of general obligation bonds in one or more series for various purposes specified therein without any additional legislative or voter approval. Amendment 666 was later amended by Amendment 796, ratified June 5, 2007, which increased the aggregate principal authorization to $750 million. Amendment 880, ratified November 1, 2012, (i) provides that the authority of the State to issue general obligation bonds pursuant to Amendments 666 and 796 is not subject to the aggregate principal amount limitations contained in those amendments; provided that at no time shall the aggregate principal amount of general obligation bonds (including, without limitation, general obligation refunding bonds) issued pursuant to the provisions of those amendments be outstanding in excess of $750 million, and (ii) allows the issuance by the State of general obligation refunding bonds under the authority of Amendment 666, subject to certain minimum savings thresholds and limitations of maximum average maturity. As of August 1, 2024, there was $347,880,000 in aggregate principal amount outstanding under the authority of Amendment 666, as amended.

Pursuant to Amendment No. 887 to the State Constitution ("Amendment 887"), the State may issue up to an additional $50,000,000 of general obligation bonds in order to finance the construction and maintenance of Alabama National Guard armories. The State has issued the maximum amount of general obligation bonds authorized pursuant to Amendment 887.

Pursuant to Amendment No. 978 to the State Constitution ("Amendment 978"), the State may issue up to an additional $85,000,000 of general obligation bonds in order to finance capital projects for the Alabama Department of Conservation and Natural Resources, the Alabama Historical Commission and the Alabama Forestry Commission. The State has issued the maximum amount of general obligation bonds authorized pursuant to Amendment No. 978.

Limited Obligation Bonds Authorized and Unissued

As of August 1, 2024, limited obligation bonds payable from State revenues, which have been authorized but are unissued include: Alabama Public School and College Authority in the principal amount of $102,290,000; Alabama Public Health Finance Authority in the principal amount of $45,000,000; the Alabama Parking Deck Authority in the amount of $13,000,000; State Industrial Development Authority in the principal amount of $100,000,000, of which only $40,000,000 can be outstanding at any one time; Farmers Market Authority in the principal amount of $10,000,000; the Alabama Corrections Institution Finance Authority in the aggregate principal amount of $339,985,000; the Alabama Highway Finance Corporation in the aggregate principal amount of $56,540,000 ($31,540,000 under the Rebuild Alabama Act for certain improvements to the Port of Mobile and $25,000,000 in other issuance authority); the Alabama Mental Health Finance Authority in the aggregate principal amount of $18,250; the Alabama Highway Authority is unlimited; the Garrett Coliseum Redevelopment Corporation in the principal amount of $100,000,000; the Alabama Public Health Care Authority is unlimited; the Alabama Toll Road, Bridge and Tunnel Authority is unlimited based on the Authority's construction of toll roads and bridges; the Alabama Transportation Infrastructure Bank is unlimited; and the Alabama Federal Aid Highway Finance Authority is based on the amount of federal funds received and gasoline taxes collected. Additionally, the Alabama Public School and College Authority has unlimited authority to issue pool bonds on behalf of local boards of education which are secured by certain utility, sales and use taxes (though typically paid from leveraged funds to be received by such local boards of education from the State of Alabama Public School Fund).

Interest Rate Hedging Agreements

State Policy. The State's Finance Director adopted a policy for the State in June of 2004 to provide criteria for the State in assessing and implementing hedging agreements in conjunction with the State's management of its assets and liabilities. The policy outlines procedures for entering into interest rate swap agreements ("Swaps"), permitted uses, counterparty credit standards, risk management considerations and reporting requirements for Swaps entered into by the State. The policy provides that the State will track and regularly report on the financial implications of its hedging transactions. In addition to or in connection with monitoring and reporting required by rating agencies and Governmental Accounting Standards Board ("GASB") compliance, an annual report will be prepared by the State Finance Director that will include the mark-to-market value of Swaps entered into by the State.

Swap Agreements Related to Limited Obligation Bonds. Separate interest rate swap agreements have been entered into by public corporations or authorities created by the State for the purpose of financing certain projects and programs such as public highways, public education facilities, judicial facilities, student loans, industrial site preparation grants and surveys, single and multi-family housing and agricultural development loans, the obligations of which are not general obligations of the State but are limited obligations of the issuer payable solely from the revenues pledged for the obligations of each such issuer.

MAJOR OPERATING FUNDS

The allocation of revenues among the various funds and other financial accounting practices of the State are controlled to a large extent by constitutional and statutory provisions that allocate or earmark revenues. Most major revenue sources of the State are required to be deposited into special funds either by the State Constitution or by continuing appropriations of the Legislature. Appropriations are made out of the separate funds for the purposes for which the revenue sources were allocated.

There are five major operating funds of the State: the General Fund, the Alabama Education Trust Fund (the "Education Trust Fund" or "ETF"), the Public Road and Bridge Fund, the Special Mental Health Trust Fund and the Public Welfare Trust Fund.

Taxes from approximately 36 sources are deposited into the General Fund. These taxes are described below under "Receipts, Disbursements, Taxes and Revenues – State Taxes and Other Major Sources of Revenues and Income." The largest revenue sources allocated to the General Fund are the insurance company premium tax, interest on State deposits, interest on the Alabama Trust Fund, oil and gas lease and production taxes, cigarette taxes, ad valorem taxes and net profits from the operations of the Alabama Alcoholic Beverage Control Board. Nine tax sources are allocated to the Education Trust Fund, the largest of which are the income tax, the sales tax, the utility tax and the use tax. Revenues from income taxes and sales taxes constitute an average of approximately 85% of the Education Trust Fund's annual revenues. Nine tax sources are allocated to the Public Road and Bridge Fund, the largest of which are the gasoline and gasoline excise taxes, automobile and truck net license fees and motor fuel taxes. The Special Mental Health Trust Fund is funded by three major tax sources, which are the public utilities tax, contractors' gross receipts taxes, distiller's tax and whiskey tax profits. The major revenue sources for the Public Welfare Trust Fund are the whiskey tax and net profits from the operation of the Alabama Alcoholic Beverage Control Board, sales taxes, franchise taxes and beer taxes.

The three largest operating funds of the State are the General Fund, the Education Trust Fund and the Public Road and Bridge Fund. Details of these funds are set forth on Tables 16 through 18.

The information contained in this Official Statement as to the various taxes and revenues paid into the above-described funds, and the constitutional or statutory provisions respecting their use, is illustrative only and does not summarize all of the provisions of the State Constitution and statutes respecting allocation of revenues.

Historically there has been no inter-fund borrowing or commingling of funds. The Legislature, however, has the authority to transfer the responsibility of funding various agencies between funds. Transfers of this type have been made infrequently.

The General Fund

The General Fund is one of three primary funds of the State. Revenues credited to the General Fund are used for the ordinary expenses of the executive, legislative and judicial departments of the State, for other functions of the government, for debt service on certain general obligation bond issues and for capital outlay. Revenues for the General Fund are appropriated by the Legislature on an annual basis. Certain appropriations from the General Fund are subject to proration. The State Constitution requires that the State have a balanced budget. (See "The Budgetary Process And Financial Controls - Financial Controls," below).

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Table 16.
General Fund
Summary of Receipts and Disbursements

(Cash Basis) (in thousands)

Fiscal year ended September 30	**2023**	**2022**	**2021**	**2020**	**2019**
Receipts					
Investment Income	$404,602	$ 40,374	$ 19,643	$ 51,525	$ 63,037
Insurance Premium Tax	559,786	527,238	464,503	393,255	368,285
Excise, Sales & Use Taxes	1,214,609	1,138,787	1,062,062	870,926	807,785
Corporation Taxes	102,891	98,435	98,127	95,828	95,257
Liquor Taxes, Licenses, & ABC Profits	173,592	170,159	156,733	139,932	122,600
Drivers & Motor Vehicle Licenses	85,381	82,760	81,043	79,413	79,996
Property Taxes	214,269	192,180	182,201	173,618	164,661
Oil & Gas Production Taxes	33,067	39,266	21,847	18,844	32,211
Other Taxes	120,734	146,490	149,103	125,383	115,002
Other Licenses, Permits, Fees	98,455	93,773	88,942	78,011	79,656
Other Revenues	113,544	125,791	113,752	157,487	119,236
Alabama Trust	118,660	122,500	123,577	114,946	104,229
Total Receipts	**$3,239,590**	**$2,777,753**	**$2,561,533**	**$2,299,168**	**$2,151,955**
Disbursements					
Economic Development	$37,264	$24,633	18,156	16,247	15,966
Educational & Cultural	9,415	8,366	7,162	5,337	4,463
Natural Resources & Recreation	14,994	11,450	6,903	7,386	4,301
Health - Physical & Mental	1,121,022	974,257	966,899	922,197	950,935
Social Services	160,716	139,548	130,253	115,032	101,777
Protection of Persons and Property	1,137,595	1,051,010	868,514	771,873	730,876
General Government	417,885	373,379	306,792	301,580	237,581
Debt Service	62,511	71,804	46,515	43,056	38,362
Total Disbursements	**$2,961,402**	**$2,654,447**	**$2,351,194**	**$2,182,708**	**$2,084,261**
Net Increase (Decrease) in Cash Balance	**$278,188**	**$123,306**	**$210,339**	**$210,339**	**$67,694**
Beginning Cash Balance, Oct. 1	901,612	778,306	567,967	451,534	383,840
Ending Cash Balance, Sept 30	**$1,179,800**	**$901,612**	**$778,306**	**$567,967**	**$451,534**

Source: State Comptroller's Office

The Education Trust Fund

The Education Trust Fund is the largest operating fund of the State. Revenues credited to the Education Trust Fund are used for the support, maintenance and development of public education and capital improvements relating to educational facilities. Moneys on deposit in the Education Trust Fund are appropriated by the Legislature on an annual basis.

Table 17.
Education Trust Fund
Summary of Receipts and Disbursements (Cash Basis)

For the Last Five Fiscal Years
($ in 000s)

Revenues:	**2023**	**2022**	**2021**	**2020**	**2019**
General Sales Tax	$2,590,584	$2,479,701	$2,320,781	$2,084,983	$2,013,911
General Use Tax	350,994	368,551	266,446	230,108	184,992
Income Tax	7,032,094	7,182,568	5,643,876	4,657,167	4,548,471
Utilities Tax	421,951	455,094	379,593	387,247	401,312
Insurance Companies	-	-	-	30,993	30,993
Beer Tax	22,597	24,173	23,444	20,595	22,595
Hydroelectric Companies	557	576	1,153	508	401
Chain Store License	90	89	87	73	94
Transfers and Reversions	207	768	103	316,665	53
Other	9,856	8,433	8,330	12,896	12,454
Total Revenues	**$10,428,930**	**$10,519,953**	**$8,643,813**	**$7,741,235**	**$7,215,276**
Expenditures:					
Administrative Office of Courts	515	1,027	$ 787	$ 723	$ 692
Commerce	186,516	71,233	67,504	65,328	58,476
Education (K-12)	5,675,117	4,874,558	4,687,670	4,647,815	4,382,075
Forestry Commission	60	60	30	60	42
Finance	861	464	474	417	650
Public Health	23,245	20,296	17,887	18,691	19,006
Youth Services	-	-	-	9,174	52,416
Legislature	2,701	2,671	3,064	2,214	2,699
Archives And History	6,774	6,287	5,594	6,643	6,483
Examiners Of Public Accounts	11,406	9,295	9,463	8,479	6,359
Geological Survey	489	524	518	518	511
Public Library Service	13,554	12,806	12,717	12,159	8,248
Veterans Affairs	35,186	38,063	45,369	62,940	62,127
American Legion Scholarships	22	69	76	83	77
Debt Service And Reserve	31,150	32,148	32,762	34,418	28,457
Governor’s Office of Volunteer Services	245	238	311	296	285
Economic and Community Affairs	890	1,297	126	816	-
Alabama Community College System	1,002,192	495,202	430,663	417,468	398,293
Early Childhood Education	182,467	144,559	134,639	123,338	95,020
Lieutenant Governor	99	218	89	176	12
Supreme Court Law Library	413	498	143	297	461
Rehabilitation Services	50,117	49,275	50,594	46,133	46,011
High School Of Math and Science	9,983	8,957	8,693	8,217	7,534
State Exec Comm Serv Grants Comm	34,433	10,033	9,027	14,022	7,957
Sickle Cell Oversight Commission	1,511	1,662	1,445	1,458	1,442
Alabama Innovation Fund	49,394	73,446	3,220	3,620	2,548
Auburn University - Agricultural Experiment Station	38,783	36,416	34,355	33,681	32,071
Auburn University - Ala Cooperative Extension Service	40,850	38,239	36,075	35,367	33,439
Alabama Institute for the Deaf and Blind - Adult Program	16,670	14,745	15,281	20,322	13,230
Alabama Institute for the Deaf and Blind - Industries	12,150	10,234	9,683	9,522	8,835
Finance - Teacher Unused Sick Leave	2,228	1,650	1,935	1,267	1,130
Talladega College	1,069	1,004	947	927	883
Tuskegee University	13,151	14,327	12,677	11,502	10,954
Lyman Ward Military Academy	389	389	367	357	340
Endowments	82	82	82	82	82

Expenditures (continued):	**2023**	**2022**	**2021**	**2020**	**2019**
Educational Television Commission	11,166	14,584	7,060	8,798	7,897
Council on the Arts	-	6,422	5,950	5,298	5,490
Commission on Higher Education	7,884	46,902	38,612	35,663	29,376
Nursing Board	72,534	586	616	541	551
Physical Fitness Commission	631	2,061	1,874	1,740	1,603
Peace Officer Standards and Training	2,191	1,274	1,249	1,280	596
State Law Enforcement	1,844	4,092	-	-	-
Legislative Services	3,231	554	4,974	2,962	2,879
Alabama Commission on the Services	662	194,970	526	456	-
University of Alabama - Tuscaloosa	279,059	332,571	181,308	174,480	-
University of Alabama - Birmingham	419,011	76,323	309,114	300,895	160,609
University of Alabama - Huntsville	92,966	6,422	54,389	52,715	281,746
Alabama A&M University	72,193	49,461	43,908	42,862	40,211
Alabama State University	69,271	53,811	49,399	48,799	45,585
Auburn University - Auburn	292,545	206,205	192,057	184,895	173,723
Auburn University - Montgomery	40,748	41,886	26,000	25,490	24,036
Jacksonville State University	69,256	46,786	43,764	42,664	39,973
University of West Alabama	37,573	22,165	20,051	18,477	16,903
University of Montevallo	33,774	26,960	22,863	22,113	20,684
University of North Alabama	62,675	43,110	34,567	32,766	29,912
University of South Alabama	179,887	136,598	112,464	118,799	111,074
Troy University	101,570	63,878	57,907	56,396	51,547
Alabama Institute for the Deaf and Blind	48,827	39,239	38,707	36,205	33,546
Optometric Scholarships Awards	200	200	180	165	150
Medical Scholarships Awards Board	2,306	1,967	1,740	1,569	1,253
Dental Scholarships Awards Board	731	731	731	231	191
Space & Science Exhibit Commission & Finance Auth	7,750	5,839	1,400	1,260	1,130
Music Hall of Fame	173	157	146	143	-
School of Fine Arts	16,303	9,398	8,847	8,647	8,265
Marine Environmental Sciences Consortium	12,501	10,751	7,203	6,203	4,955
Athens State University	26,804	16,670	15,935	14,935	13,040
Fire College and Personnel Standards Commission	6,287	7,381	5,548	5,392	4,738
Alabama School of Cyber Technology and Engineering	15,883	7,140	5,800	5,400	-
ETF Appropriated Transfers	1,392,263	1,495,168	730,441	1,142,597	501,428
Total Expenditures	**$10,825,411**	**$8,937,812**	**$7,669,597**	**$7,999,366**	**$6,951,675**
Cash Balance, October 1	$2,971,600	$1,389,459	$415,243	$673,374	$409,773
Cash Balance, September 30	2,575,119	2,971,600	1,389,549	415,243	673,374
Cash Reserve for Obligations	56,122	64,182	58,676	40,303	58,855
Unobligated Cash Balance September 30	**$2,518,997**	**$2,907,418**	**$1,330,783**	**$374,940**	**$614,519**

Source: State Comptroller's Office

The Public Road and Bridge Fund

The Public Road and Bridge Fund is the general operating fund for the Department of Transportation and receives all State revenues, federal aid reimbursements and miscellaneous receipts for the Department of Transportation. The State Constitution provides that no moneys derived from any fees, excises, or license taxes levied by the State, relating to registration, operation or use of vehicles upon the public highways, except a vehicle use tax imposed in lieu of a sales tax, and no moneys derived from any fee, excises, or license taxes levied by the State relating to fuels used for propelling such vehicles, except pump taxes, shall be expended other than for the cost of administering such laws, statutory refunds and adjustments allowed therein, the cost of construction, reconstruction, maintenance and repair of public highways, rights-of-way, the payment of highway obligations, the cost of traffic regulation, and the expense of enforcing State traffic and motor vehicle laws. The Department of Transportation has historically operated out of these revenues and, when available, federal moneys. The Department of Transportation has previously received only nominal amounts from the General Fund, and no longer receives any funds from the General Fund.

Table 18.
Public Road and Bridge Fund
Summary of Receipts and Disbursements

Fiscal Years Ended September 30

	2023	2022	2021	2020	2019
Cash on Hand, 10/1*	**$253,190,859**	**$205,370,009**	**$161,244,238**	**$ 209,783,483**	**$ 269,262,451**
Receipts:					
Gasoline Excise Tax - $0.05	98,811,368	98,086,355	98,817,044	95,132,971	102,143,286
Gasoline Excise Tax - $0.04	46,289,501	45,949,858	46,292,160	44,566,307	47,850,382
Motor Fuel Tax - $0.04	48,635,103	48,270,165	47,479,486	43,738,070	44,116,588
LP Gas Vehicle Permits	39,893	40,532	42,941	46,354	50853
Motor Vehicle License Taxes	118,063,778	118,877,066	115,932,374	105,578,173	107,976,079
Gasoline Excise Tax - $.07	79,145,124	78,562,603	79,148,719	76,198,510	81,813,338
Lubricating Oil Tax	400,166	514,230	485,863	472,795	592,020
Oversize Hauling Permits	4,707,090	4,620,200	4,378,710	4,268,727	4,928,757
Motor Fuel Tax - $.13	110,490,649	109,624,073	107,791,045	99,307,201	100,099,268
Truck Identification Decals	1,121,583	1,167,865	1,092,948	951,874	1,052,640
Petroleum Products Inspection Fees	43,357,689	43,953,652	43,924,151	42,931,629	45,512,795
Outdoor Advertising Permits	55,220	65,865	58,493	62,923	62,343
Motor Carrier Tax	477,386	477,071	476,197	480,373	494,606
Motor Vehicle Excise Tax	309,884	303,149	298,879	300,718	286,447
Federal Aid	911,721,590	967,958,530	960,303,732	920,212,148	1,005,533,713
County Aid & Miscellaneous	33,293,768	49,490,561	27,119,141	42,969,573	54,505,884
Industrial Access	2,258,531	355,447	109,095	961,638	633,199
Transfer from Bond Accounts	7,553,814	60,732,303	74,723,309	155,681,878	280,612,708
Total Receipts	**$1,759,922,996**	**$1,834,419,534**	**$1,608,474,287**	**$1,633,861,862**	**$1,878,264,906**
Disbursements:					
Construction	1,078,691,581	1,145,525,620	1,085,536,659	1,284,901,104	1,508,599,023
Maintenance	204,021,888	164,907,702	222,738,240	189,400,583	204,894,469
Equipment Purchase	13,569,267	10,670,986	16,954,689	14,115,511	15,611,062
Administration	111,412,632	119,701,751	116,881,025	118,632,065	91,517,360
Debt Service	86,020,000	89,115,000	56,038,663	53,551,653	51,183,105
Other Expenditures	26,709,479	32,133,063	35,373,792	21,800,191	65,938,855
Total Disbursements	**$1,520,424,847**	**$1,562,054,122**	**$1,533,523,068**	**$1,682,401,107**	**$1,937,743,874**
Cash on Hand, 9/30*	**$239,498,149**	**$272,365,412**	**$236,195,457**	**$161,244,238**	**$209,783,483**

*Beginning and ending balances are on a cash basis and include encumbered funds. Columns may not add due to rounding.
Source: Alabama Department of Transportation.

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Unemployment Compensation Trust Fund

The unemployment compensation benefits in the State are paid through unemployment compensation taxes levied against employers and employees. Moneys collected from these taxes are transferred to a trust fund in Washington, D.C., the trustee of which is the Secretary of the Treasury of the United States. The moneys in such special trust fund are transferred back to the State at the State's request to pay unemployment compensation benefits. The moneys received are deposited in the State's Unemployment Compensation Trust Fund and are disbursed therefrom for the payment of benefits.

THE BUDGETARY PROCESS AND FINANCIAL CONTROLS

The Budgetary Process

The Executive Budget Office of the Finance Department is by statute responsible for preparing the initial information concerning the State's budget and its execution, revenue estimates, review of Appropriation Acts and fiscal analysis. The Executive Budget Office also assists the Director of Finance and the Governor in duties relating to the formulation of the budget; correlating and revising the estimates of revenues and requests for appropriations of all budgeted agencies; and investigating, supervising and coordinating the expenditures and other fiscal operations of such agencies. The budget document, as finally developed by the Governor, is published and transmitted to the Legislature on or before the second legislative day of each regular session. Appropriation recommendations are subject to alteration by the Legislature.

General Fund and Education Trust Fund Budgetary Status for Fiscal Years 2023 and 2024

From the information that the Executive Budget Office accumulates on revenues and expenditures, certain schedules are prepared. The following table sets forth beginning and ending balances and activity for the General Fund and the Education Trust Fund.

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Table 19.
Condition of Funds
General Fund and Education Trust Fund

	Actual Fiscal Year 2023		Budgeted Fiscal Year 2024(1)*	
	General Fund	**Education Trust Fund**	**General Fund**	**Education Trust Fund**
Beginning Balance	$ 515,845,225	$ 2,907,418,790	$ 717,456,188	$ 2,518,997,462
Revenues	3,239,589,643	10,430,960,185	3,092,520,915	10,248,000,000
Total Funds Available	**3,755,434,868**	**13,338,378,975**	**3,809,977,103**	**12,766,997,462**
Expenditures	2,987,978,680	10,465,406,513	3,564,736,181	9,793,092,682
Ending Balance	**767,456,188**	**2,872,972,462**	**245,240,922**	**2,973,904,780**
Transfer to Budget Reserve	50,000,000			
Transfer to Stabilization Fund				111,698,094
Transfer to Advancement & Tech. Fund				1,000,000,000
Transfer to Educational Opportunities Reserve Fund		353,975,000		
Balance Carried Forward	**$717,456,188**	**$2,518,997,462**	**$245,240,922**	**$1,449,405,959**

Note (1) - FY 24 Budgeted data is as of July 31, 2024.

Source: Department of Finance, Executive Budget Office, State of Alabama

* Unaudited

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Financial Controls

General. An appropriation for a department, agency or program of the State is initially authorized by one of the appropriation bills enacted by the Legislature. Before any moneys may be disbursed pursuant to an appropriation, the department, board, bureau, commission, agency, office or institution of the State for which the appropriation was made must submit to the Finance Department a requisition for an allotment of the amount estimated to be necessary to carry on its work during the period for which the allotment is to be made. Allotments are made for such length of time as may be determined to be appropriate and convenient by the Department of Finance with the approval of the Governor, but no allotment (except for the acquisition of land, permanent improvements or other capital projects) shall, in any event, be for a period of longer than three months. The Department of Finance must examine each such requisition and, with the approval of the Governor, make such allotment or modification thereof as may be necessary.

The State Comptroller is required to establish all allotments on his books and is prohibited from paying to or for any agency amounts in excess of such allotment. The Department of Finance, with the approval of the Governor, may subsequently modify any allotment either upon the written request of the head of the agency or institution concerned or upon the initiative of the Department of Finance or the Governor. After the Comptroller records an allotment, the moneys represented thereby may be expended or encumbered upon request of the head of the agency or institution for which such moneys are appropriated.

State moneys, which are appropriated and allotted, are subject to disbursement by the State Treasurer. Each disbursement of such moneys for payment of vouchers submitted by an agency or an institution must be made pursuant to a warrant drawn upon the State Treasury by the Comptroller. Each warrant presented to the State Treasurer by the Comptroller must specify the particular fund from which it is payable. The Comptroller is responsible for keeping an account in connection with each appropriation and allotment. No warrant may be issued by the Comptroller or paid by the State Treasurer in excess of the available balance of the applicable account or funds on hand in the State Treasury. The State Treasurer is required to honor all warrants properly drawn by the Comptroller.

It is unlawful for any agency official to expend any appropriation for any purpose other than that for which the money was originally appropriated, budgeted and allotted. If the Governor ascertains that funds are being spent unlawfully, the Governor has the power to suspend all appropriations and allotments to such agency or institution until such amounts diverted or wrongfully expended have been replaced.

Unencumbered balances of appropriations lapse at the end of each fiscal year unless otherwise provided by statute. Appropriations for the purchase of land, the erection of buildings, new construction or Department of Transportation maintenance of roads and bridges on the State highway system continue in force until the attainment of the object or the completion of work for which such appropriations were made is accomplished.

An appropriation may be made payable in full only in the event that the estimated revenues during the fiscal year for which the appropriation is made are sufficient to pay all appropriations for such fiscal year in full. To prevent an overdraft or deficit in any fiscal year, the Governor is required to restrict allotments by prorating, without discrimination, the available revenues in a particular fund among the various departments, boards, bureaus, commissions, agencies, offices and institutions of the State. Such restrictions ensure that each appropriation shall be payable in such proportion as the amount of total revenues estimated by the Department of Finance to be available in the fiscal year for which such appropriation was made bears to the total sum of all appropriations made for such fiscal year.

Under the State Constitution, if, at the end of any fiscal year, the moneys in the State Treasury are not sufficient for the payment of all proper claims presented to the Comptroller, then, as of the end of the fiscal year, the Comptroller is required to issue warrants only for that proportion of each such claim equal to the percentage of the amount of such claim relative to the total of all claims. Alabama courts have interpreted this provision to require the annual financial operations of the State to be on a balanced budget and to prevent any department of the State from creating State debt. Consequently, in the event of a deficit, the available moneys are to be prorated among all claims presented for payment. At the end of the fiscal year all excess unpaid appropriations which exceed the moneys in the State Treasury after proration become null and void.

The Supreme Court of Alabama has held that certain expenses of the State necessary for essential functions of government are not subject to proration. It has been determined by the Supreme Court and subsequent advisory opinions of the Alabama Attorney General that such expenses include fixed salaries, other fixed expenses and payment of debt service on outstanding general obligation bonds of the State. Nonetheless, there can be no assurance that the Supreme Court of Alabama will not, upon further consideration of the issue, modify its earlier decisions and rule that debt service payments on the bonds of the State may be made subject to proration. Consequently, it is not possible to determine what effect, if any, proration with respect to the State's General Fund may have on the payment of the principal of or interest on bonds of the State. Previous proration (which has occurred from time to time since 1933) has not, however, resulted in any default in the payment of the bonds of the State.

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The following table provides historical data concerning General Fund and Education Trust Fund proration.

Table 20.
History of General Fund
and Education Trust Fund Proration
1963-Present

Fiscal Years	General Fund		Education Trust Fund	
	Percent	**Amount**	**Percent**	**Amount**
1963-1964 to 1977-1978(1)	-	$-		$-
1978-1979	-	-	2.9811%	29,670,397
1979-1980	-	-	6.1406%	60,887,044
1980-1981	-	-	3.5681%	39,988,286
1981-1982(1)	-	-	-	-
1982-1983	15.0000%	55,292,355	-	-
1983-1984 to 1984-1985(1)	-	-	-	-
1985-1986	3.0000%	16,240,969	4.2133%	79,645,728
1986-1987 to 1989-1990(1)	-	-	-	-
1990-1991	2.6000%	19,970,302	6.5000%	165,768,993
1991-1992	5.5000%	41,745,530	3.0000%	73,428,415
1992-1993	3.2000%	24,532,925	-	-
1993-1994 to 1999-2000(1)	-	-	-	-
2000-2001	-	-	6.2000%	263,826,397
2001-2002(1)	-	-	-	-
2002-2003(2)	-	-	4.4100%	185,067,841
2003-2004 to 2007-2008(1)	-	-	-	-
2008-2009(3)	-	-	17.9000%	1,134,872,220
2009-2010(4)	20.5164%	153,709,068	9.5000%	542,084,273
2010-2011	15.0000%	250,152,394	3.0000%	164,039,534
2011-2012	10.6200%	186,989,003	-	-
2012-2013 to 2020-2023(1)	-	-	-	-

Note (1) No proration in either fund

Note (2) Funds from the ETF Rainy Day Account were used to offset a portion of proration in the ETF during 2002-2003. See “Alabama Trust Fund” under Receipts, Disbursements, Taxes and Revenues in this Appendix A.

Note (3) Funds from the ETF Rainy Day Account and the Proration Prevention Account were used to offset a portion of the 17.90%, resulting in an effective rate of 11%.

Note (4) No funds were available in the ETF Rainy Day Account or the Proration Prevention Account to offset the shortage in the ETF. Funds from the General Fund Rainy Day Account were used to offset a portion of the 20.5164%, resulting in an effective rate of 10%.

Source: Department of Finance, Executive Budget Office, State of Alabama

Rolling Reserve Act. In March 2011, the Legislature passed and the Governor signed into law The Education Trust Fund Rolling Reserve Act (as amended, the “Rolling Reserve Act”). The Rolling Reserve Act is designed to reduce the risk of proration in the State’s education budget. Proration in the Education Trust Fund occurs when budgeted education spending must be cut mid-year due to lower-than-expected revenues. The education budget process has historically been based on projecting the annual change in Education Trust Fund revenues. The sources of revenue that fund the Education Trust Fund are highly sensitive to changes in the economy and the range of total revenues varies widely from year to year. As a result, accurately projecting the Education Trust Fund revenues each year in order to prepare a workable education spending budget has been difficult. The inability to make accurate revenue projections has led to increased instances of proration in the education budget.

The Rolling Reserve Act caps the education spending at the lesser of (i) an amount equal to the total recurring revenues deposited into the Education Trust Fund in the last completed fiscal year grossed up by the average growth rate based on the 15 most recently completed fiscal years (excluding the highest and lowest years from the calculation) (the "Fiscal Year Appropriation Cap") and (ii) an amount equal to 106.5% of the base appropriation for the fiscal year ending September 30, 2024 (and declining 0.25% each year until fiscal year 2027 at which point the amount is 105.75% of the base appropriations for the 2027 fiscal year and for each fiscal year thereafter) of the Education Trust Fund appropriations for the then current fiscal year that were enacted in a prior legislative session, excluding reversions reappropriated and any supplemental appropriations (the "Secondary Spending Limit"). If new recurring revenue measures are enacted that will be deposited into the Education Trust Fund, or if existing revenue sources are amended to increase the amount of money deposited into the Education Trust Fund, for the first time during the year for which the Fiscal Year Appropriation Cap is being calculated, then 95 percent of the amount projected in the enacted fiscal note accompanying the legislative act creating the new recurring revenue shall be added or subtracted as a part of the Fiscal Year Appropriation Cap for such fiscal year. If a recurring revenue source to the Education Trust Fund is removed or reduced during the year for which the Fiscal Year Appropriation Cap is being calculated, the negative impact, based on the enacted fiscal note, of the removal or reduction of the recurring revenue shall be included in the calculation of the Fiscal Year Appropriation Cap for such fiscal year. Certain nonrecurring revenues are also added or subtracted as a part of the calculation of the Fiscal Year Appropriation Cap for the fiscal year in which the nonrecurring revenue is deposited into the Education Trust Fund.

Pursuant to the Rolling Reserve Act and Section 260.02 to the State Constitution, the State Finance Director and the Legislative Fiscal Officer are each required to estimate the Fiscal Year Appropriation Cap, the Secondary Spending Limit and the available revenue for the Education Trust Fund at the beginning of each regular session of the Legislature. If the average estimated available revenue is less than the Fiscal Year Appropriation Cap or the Secondary Spending Limit, the Legislature may not appropriate more than lesser of the average estimated available revenue, the Fiscal Year Appropriation Cap or the Secondary Spending Limit. The budget process required by the Rolling Reserve Act was implemented beginning with the 2013 fiscal year budget and has evolved to the current process through subsequent legislation.

Under the Rolling Reserve Act, Education Trust Fund revenues over and above the budgeted amount are to be transferred to the Education Trust Fund Rainy Day Account (the "Rainy Day Account") until the Rainy Day Account has been reimbursed in full for any prior withdrawals. The Rainy Day Account currently gives the State the power to temporarily transfer money from the Alabama Trust Fund to prevent proration of the Education Trust Fund, but the money must be reimbursed within 6 years of its transfer. There is not currently an amount outstanding to be repaid to the Education Trust Fund Rainy Day Account.

Once the Rainy Day Account has been fully repaid, any remaining revenues will either remain in the Education Trust Fund and be treated as nonrecurring revenues or transferred to the following savings accounts established by the Rolling Reserve Act: the Education Trust Fund Budget Stabilization Fund (the "Budget Stabilization Fund"), the Education Trust Fund Advancement and Technology Fund (the "Advancement and Technology Fund") and the Educational Opportunities Reserve Fund (the "Educational Opportunities Reserve Fund"). Money in the Budget Stabilization Fund may be withdrawn only to prevent proration in the Education Trust Fund. If any excess revenues remain in the Education Trust Fund at the end of a fiscal year, and the Rainy Day Account has been repaid in full, an amount up to 1% of the prior year's appropriations shall be transferred to the Budget Stabilization Fund annually until the Budget Stabilization Fund reaches 10% of the prior year's total appropriations from the Education Trust Fund. If any such excess revenues remain after the transfer described in the preceding sentence, 50% of such remaining funds are to be transferred to the Advancement and Technology Fund (not to exceed $1 billion in any fiscal year), 20% of such excess remaining revenues are to be transferred to the Educational Opportunities Reserve Fund and the balance of the remaining excess revenues are to remain in the Education Trust Fund as nonrecurring revenues. The Advancement and Technology Fund was established for repairs and deferred maintenance of public education facilities, capital outlay, instructional support, insuring facilities, certain transportation purposes, school security measures and purchasing education technology and equipment. Moneys in the Advancement and Technology Fund shall not be used for the payment of debt service. The Educational Opportunities Reserve Fund was established to provide moneys for one-time funding for the following purposes: to offset a reduction in revenues to the Education Trust Fund that could negatively impact funding for budgeted obligations from the Education Trust Fund for the current fiscal year as certified by the Director of Finance and the Legislative Fiscal Officer; (2) to provide funding for unanticipated obligations, and to sustain required programmatic increases for existing obligations paid from the Education Trust Fund in the event of a change in economic conditions; (3) to provide funding to maintain prior year appropriation levels if the computation of the Fiscal Year Appropriation Cap or Secondary Spending Limit is less than Education Trust Fund base appropriations for the previous fiscal year, not to exceed the difference between the two figures; and (4) for start-up transitional support for initiatives that provide access to enhanced educational opportunities to all public K-12 or higher education students in the State. Amounts in the Educational Opportunities Reserve Fund shall not be appropriated for any of the following purposes: repairs or deferred maintenance for facilities, capital outlay, pay raises or bonuses for educational personnel or retirees, or to provide educational support for ongoing expenditures other than as specified in the preceding sentence; provided, funds may be appropriated to maintain Foundation Program State funding in extraordinary situations.

RECEIPTS, DISBURSEMENTS, TAXES AND REVENUES

General

Revenues are collected by nearly every State entity. Table 21 shows the total receipts and disbursements only for those governmental and expendable trust funds operating from the State Treasury. Table 21 does not include the activities of funds operating outside the State Treasury, such as the Alabama State Port Authority, the Alabama Housing Finance Authority, or the various colleges and universities. Table 21 also does not include the activities of any agency funds, proprietary funds or similar pension and nonexpendable trust funds. Agency funds involve moneys held for other funds or individuals and thus do not generate revenues or expenditures for the State. Proprietary funds generally involve functions that are financed by charges to the governmental funds for services such as the motor pool, print shop or self-insurance funds for State property and employee's health insurance. Pension trust funds are financed partly by charges to the governmental funds and partly by investment earnings. The net effect of some proprietary and similar trust funds is included in Table 21. The taxes and licenses collected by the Alcoholic Beverage Control Board ("ABC") are recognized in governmental funds, and the net profits are required by law to be transferred to various governmental funds. Therefore, the net earnings generated by ABC are included in Table 21. Similarly, the Alabama Trust Fund transfers to the

General Fund a portion of 5% of the invested assets' average market value from the three previous fiscal years plus 33% of the Oil & Gas payments received for the fiscal year ending one year prior, and this transfer is reflected in Table 21 as an Other Financing Source. Because the State records its revenues on a modified cash basis, the information includes encumbered funds, cash owed to local governments, the federal government and other items which are already obligated. It should also be noted that only a small portion of the receipts shown in Tables 21 and 22 are deposited into the General Fund.

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Table 21.
Schedule of Receipts and Disbursements (Cash Basis)
Governmental Fund Types (State Treasury Funds Only)
(amounts in thousands)

Receipts:	**2023**	**%**	**2022**	**%**	**2021**	**%**	**2020**	**%**	**2019**	**%**
Taxes	$15,631,609	45.7%	$15,806,913	39.1%	$13,389,898	36.5%	$11,553,601	37.8%	$11,073,415	41.3%
Licenses, Permits and Fees	1,016,514	3.0%	1,005,698	2.5%	939,988	2.6%	851,970	2.8%	780,908	2.9%
Fines and Forfeits	270,245	0.8%	222,316	0.6%	251,201	0.7%	191,726	0.6%	212,751	0.8%
Federal Funds	14,815,340	43.3%	16,378,684	40.6%	13,898,260	37.9%	12,193,245	39.9%	9,632,518	35.9%
Investment Income	449,849	1.3%	449,102	1.1%	26,057	0.1%	61,190	0.2%	85,155	0.3%
Other Revenues	1,308,693	3.8%	1,392,732	3.5%	1,117,795	3.1%	1,160,020	3.8%	1,226,505	4.6%
Other Financing Sources	690,935	2.0%	5,138,458	12.7%	7,075,671	19.3%	4,563,700	14.9%	3,798,797	14.2%
Total Receipts	**$34,183,185**	**100%**	**$40,393,903**	**100%**	**$36,698,870**	**100%**	**$30,575,452**	**100.0%**	**$26,810,049**	**100%**
Disbursements:										
Economic Development & Regulation	280,307	0.7%	247,781	0.7%	276,830	0.8%	223,505	0.8%	203,468	0.8%
Education and Cultural Resources	12,799,880	33.8%	11,544,538	32.8%	9,557,938	28.5%	9,256,655	32.1%	8,226,994	30.9%
Natural Resources and Recreation	264,026	0.7%	266,388	0.8%	249,648	0.7%	234,664	0.8%	164,276	0.6%
Health - Physical and Mental	11,834,120	31.2%	10,742,812	30.5%	10,003,789	29.8%	9,240,120	32.1%	8,988,923	33.8%
Social Services	4,708,310	12.4%	4,537,751	12.9%	3,832,396	11.4%	3,005,295	10.4%	2,423,275	9.1%
Protection of Person and Property	2,371,964	6.3%	2,930,782	8.3%	3,003,873	9.0%	2,106,215	7.3%	1,505,447	5.7%
Transportation	2,043,857	5.4%	2,008,659	5.7%	2,162,785	6.5%	2,255,776	7.8%	2,422,335	9.1%
General Government	2,710,166	7.2%	1,953,614	5.6%	1,618,528	4.8%	1,537,381	5.3%	1,335,819	5.0%
Capital Outlay	153,520	0.4%	222,338	0.6%	1,835,247	5.5%	287,351	1.0%	419,108	1.6%
Debt Service	758,880	2.0%	760,713	2.2%	1,014,834	3.0%	683,038	2.4%	898,188	3.4%
Total Disbursements	**$37,925,030**	**100%**	**$35,215,376**	**100%**	**$33,555,868**	**100.0%**	**$28,830,000**	**100.0%**	**$26,587,833**	**100.0%**

Source: State Comptroller's Office.

Table 22.
Summary of Revenues by Principal Sources (Cash Basis)
Governmental Funds in State Treasury
(amounts in thousands)

Taxes:	**2023**	**2022**	**2021**	**2020**	**2019**
General Sales Tax (4% on gross retail sale of merchandise)	$3,220,325	$3,219,137	$2,904,879	$2,531,188	$2,475,661
General Use Tax	985,468	991,973	747,087	625,711	504,051
Income Tax (2% to 5% personal, 6.5% net corporate income)	7,076,130	7,226,604	5,687,912	4,701,203	4,590,864
Property Tax Relief	70,196	63,542	60,764	58,137	55,600
General Property Tax	489,127	450,357	412,709	392,905	372,183
Gasoline Taxes (.16 per gallon; .03 aviation; .01 jet)	691,417	682,236	633,703	564,042	440,139
Utilities Tax (6% telephone, 4% other)	436,864	470,007	394,506	402,160	416,225
Insurance Premium Tax (1% to 6%)	565,444	561,847	470,041	429,722	404,774
Liquor & Wine Tax (totals 56%, collected by ABC stores)	212,697	200,213	191,825	166,452	150,139
Tobacco & Cigarette Taxes (21.25 mills per cigarette	144,783	164,104	170,402	172,702	173,652
Corporation Taxes (privilege, 25 cents to $1.75 per $1,000 net worth)	135,721	130,423	130,121	129,814	129,519
State Beer Tax (.05 per 12 oz.)	56,493	60,433	58,610	51,487	56,487
Public Utilities (2.2%)	171,657	154,522	154,173	160,256	162,094
Motor Fuel Tax (diesel .17 per gallon)	263,151	261,806	239,401	205,457	156,499
Tennessee Valley Authority (payments in-lieu of all state taxes)	96,364	98,216	80,128	78,617	85,937
Leasing / Renting Tangible Personal Property - (4% most items)	101,923	108,313	91,707	83,801	82,463
Production Privilege Tax (Oil & Gas Severance)	44,941	59,135	29,538	23,882	41,018
Financial Institutions Excise Tax (6.5% of net income)	166,693	157,892	184,335	74,007	81,126
Documentary Filing Taxes (auto title, deed, mortgage, securities, etc)	90,212	122,491	112,457	88,449	77,364
Coal Severance Tax (0.335 per ton)	3,638	3,090	3,372	3,738	5,011
Forestry Severance Tax	5,667	6,998	5,858	5,665	5,703
Inheritance Tax (amount of federal credit)	-	-	-	10	-
Contractors Gross Receipts Tax (5% or gross receipts)	36,985	36,164	33,116	42,719	48,832
Lodgings Tax (4% or 5% of charge)	114,391	113,463	87,406	69,209	81,480
Hydroelectric Companies (tax on 2/5 mill per KWH, 2.2%/dollar	1,326	1,371	2,745	5	955
Lubricating Oil Tax (.06 per gallon)	1,353	1,734	1,639	1,588	1,992
Pari-mutuel Betting (1 or 2% on pari-mutuel pools)	8,258	5,221	4,112	2,179	1,298
Court Cost Taxes	20,852	20,559	20,949	18,663	21,058
Medicaid Taxes	370,107	386,320	432,794	421,191	396,315
Cellular Telephones (6%)	21,129	22,673	20,663	26,741	33,103
Ground Materials Severance Tax	109	-	100	-	-
Vapor Products	3,426	4,036	2,807	2,199	2,256
Miscellaneous Taxes	24,761	22,033	20,039	19,705	19,617
Total Taxes	**$15,631,608**	**$15,806,913**	**$13,389,898**	**$11,553,601**	**$11,073,415**
Licenses, Permits and Fees					
Conservation Licenses (fishing, hunting, boat registration, etc)	41,249	42,319	38,530	34,959	30,099
Drivers Licenses & Fees	70,132	69,781	65,327	65,388	66,312
Petroleum Products Inspection Fees	58,089	58,652	58,935	57,021	60,880
Agricultural License, Permits, Fees	15,813	17,832	17,044	17,306	15,174
Wholesale Oil Company License	8,869	8,838	8,212	7,936	8,891

Motor Vehicle Licenses	210,031	222,236	204,762	183,112	183,730
Privilege License	142,071	158,188	136,608	119,566	116,485
Court Fees	77,047	74,932	70,559	65,215	73,397
Alcoholic Beverage Licenses	2,799	2,792	2,595	4,540	2,553
Insurance Corporation Licenses and Fees	1,488	1,967	1,398	1,326	1,403
Miscellaneous License, Permits, Fees	388,926	348,161	336,018	295,601	221,984
Total Licenses, Permits and Fees	**$1,016,514**	**$1,005,698**	**$939,988**	**$851,970**	**$780,908**
Fines & Forfeitures:					
Court Fines & Forfeits	21,841	21,298	21,811	17,779	18,796
Tobacco Settlement	108,540	118,916	115,905	103,383	107,924
Miscellaneous Fines & Forfeits	139,864	82,102	113,485	70,564	86,031
Total Fines and Forfeitures	**$270,245**	**$222,316**	**$251,201**	**$191,726**	**$212,751**
Federal Funds	**$14,815,341**	**$16,378,684**	**$13,898,260**	**$12,193,245**	**$9,632,518**
Investment Income	**$449,849**	**$449,102**	**$26,057**	**$61,190**	**$85,155**
Other Revenues	**$1,308,693**	**$1,392,732**	**$1,117,795**	**$1,160,020**	**$1,226,505**
Total Revenues	**$33,492,250**	**$35,255,445**	**$29,623,199**	**$26,011,752**	**$23,011,252**

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State Taxes and Other Major Sources of Revenues and Income

The following is a description of the major State taxes and other major sources of revenues and income. Not all of the taxes or revenues are deposited into the General Fund. No assurance can be made that any of these specific sources or revenues or income will be available in the future.

Ad Valorem Taxes. Ad valorem taxes in Alabama are computed by multiplying the tax rate by an assessed value for the taxable property. This assessed value is determined by the tax assessor or revenue commissioner of the county in which such property is located (or by the State Department of Revenue in the case of railroad property and utility property) as a specified percentage (the "Assessment Ratio") of the fair and reasonable market value of such property or, in certain circumstances, its current use value. The assessment of property in Alabama for ad valorem taxes has been significantly affected by several judicial decisions and two amendments to the State Constitution — the first adopted in 1973 and the second adopted in 1978 — which have caused significant differences from year to year in the determination of the assessed value of property. Since revenues from ad valorem taxes approximate only 2% of all taxes raised annually by the State, the changes in the method of determining assessed valuation have not significantly affected the revenues of the State.

Under current law, all property is divided into four classes, and the Assessment Ratio applicable to each class of property for purposes of State taxation is as follows:

Class I	All property owned by utilities	30%
Class II	All property not otherwise classified	20
Class III	All agricultural, forest and single-family, owner-occupied residential property and historic buildings and sites	10
Class IV	Private passenger automobiles and pickup trucks owned and operated by an individual for personal or private use	15

An owner of Class III property may elect to have such property appraised for assessment at its "current use value" rather than its "fair and reasonable market value."

The following table shows the assessed valuation by categories of property taxed for the fiscal years indicated. Valuation of motor vehicles is for the preceding year. Assessed valuation used in computing penalties for late payment of taxes is not included in the values shown for any category of property. The total market value of all assessed property in the State in the Tax Year ended September 30, 2023 was $753,132,706,453.

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Table 23.
Assessed Valuation of Property
Subject to Ad Valorem Taxation by Categories[(1)]
(in thousands)

Tax Year	Real Property	Personal Property	Public Utilities	Motor Vehicles	Total Assessed Valuation
2014	$48,201,732	$ 9,050,392	$4,690,593	$ 7,247,616	$ 69,190,333
2015	49,428,796	8,822,824	4,790,676	7,591,191	70,633,487
2016	50,965,077	9,791,802	4,903,096	8,074,544	73,734,519
2017	52,734,517	9,922,057	5,081,063	7,819,825	75,557,462
2018	55,208,427	10,162,755	5,096,533	7,119,140	77,586,855
2019	59,026,902	10,704,890	5,187,788	7,597,282	82,516,862
2020	61,856,336	11,163,586	5,304,353	8,018,870	86,343,145
2021	65,352,015	11,945,942	5,550,077	8,964,516	91,812,550
2022	73,198,104	12,878,231	5,833,777	9,563,699	101,473,812
2023	83,044,764	14,208,041	5,981,245	11,810,831	115,044,882

Total Market Value for Tax Year 2023 = $753,132,706,453.

(1) Amounts in this table are compiled from unaudited abstract reports submitted by local revenue offices.

Alabama Trust Fund. The State Lands Division manages oil, gas and mineral interests owned by the State. Alabama authorizes the Commissioner of Conservation and Natural Resources to lease, upon such terms as he or she may approve, certain waters of the State, adjacent land and submerged lands in the Gulf of Mexico, for the exploration, development and production of oil, gas and other minerals. All lands proposed to be leased by the Lands Division must be leased only upon the basis of competitive bids.

Currently, the State owns oil and gas interests on small upland tracts, submerged river bottoms and in an offshore area. The most significant are the natural gas reserves lying within the three-mile offshore area of Mobile and Baldwin Counties. Major discoveries of natural gas in the 1980s led to the development of an array of natural gas reservoirs which occur some 19,000 feet below sea level. Most of these “deep discoveries” were developed by major natural gas producers.

Originally, revenues generated from the lease of any submerged lands in the Gulf of Mexico, less the cost of administration referred to below, were paid by the Commissioner of Conservation and Natural Resources to the State Treasurer to become a part of the General Fund. The Lands Division was entitled to 10% of all revenues, including royalties, as the cost of administration.

Pursuant to an amendment to the State Constitution adopted in 1982, an irrevocable permanent trust fund named the Alabama Heritage Trust Fund (the “Heritage Trust Fund”) was created into which there was to be deposited the proceeds received by the State from January 1, 1981, through October 31, 1981, for the rights to explore and drill for oil and gas in any offshore area. A subsequent amendment to the State Constitution adopted in 1985 created a new trust fund known as the Alabama Trust Fund and provided for the dissolution of the Heritage Trust Fund and the transfer of its assets into the Alabama Trust Fund.

In addition to the funds transferred from the Heritage Trust Fund, the initial trust capital of the Alabama Trust Fund consisted of an amount equal to the sum of all proceeds of any oil and gas capital payments paid to the State pursuant to sealed bids received on August 14, 1984, plus certain other revenues payable to the State for the lease of State lands. The Division of Lands was entitled to 4% of the $347,483,000 which was received by the State pursuant to the sealed bids awarded on August 14, 1984. The Alabama Trust Fund is augmented by all proceeds of any oil and gas capital payments, as defined in the constitutional amendment pursuant to which the Alabama Trust Fund was created (the "Amendment") subsequent to August 14, 1984; provided, however, that the Division of Lands of the Department of Conservation and Natural Resources is entitled to 1% of all proceeds of any oil and gas capital payments, as defined in the Amendment, subsequent to August 14, 1984. "Oil and Gas Capital Payment" is defined in the Amendment as follows: "any payment, including any royalty payment, received after August 1, 1984, by the State or any agency or instrumentality thereof as all or part of the consideration for the sale, leasing or other disposition by the State or any agency or instrumentality thereof of any right to explore and drill for or to produce oil, gas or other hydrocarbon minerals in any area on the water side of the high water mark of Mobile Bay or in any other offshore area and shall include any revenue received by the State from federal oil and gas leases off the coast of Alabama. Any royalty or other payment, with the exception of any taxes heretofore or hereafter levied that is based upon or determined with respect to, the production of oil, gas or other hydrocarbon minerals and that is paid to the State or any agency or instrumentality thereof regardless of the time of such payment shall be considered an oil and gas capital payment." The Amendment provided that the trust capital is to be held in perpetual trust and may not be appropriated by the Legislature or expended or disbursed for any purpose other than to acquire eligible investments in accordance with the provisions of the Amendment. Any trust income derived from the investment of trust capital is to be paid directly into the General Fund and is subject to appropriation and withdrawal by the Legislature. The Amendment required that 10% of trust income be reinvested in the Alabama Trust Fund. However, a subsequent amendment to the State Constitution, pursuant to which the Forever Wild Land Trust was created, redirected the 10% of income from the Alabama Trust Fund to the Forever Wild Land Trust, up to a maximum of $15 million in any one fiscal year. (See Alabama Trust Fund Distributions and Education Trust Fund Rainy Day Account later in this section for subsequent changes to the Alabama Trust Fund.)

The following table sets forth the fund balance of assets in the Alabama Trust Fund for the fiscal years shown.

Table 24.
Fund Balance of Assets in the Alabama Trust Fund

(in Millions)

Fiscal year ending Sept 30	Fund Balance
2014	$2,884
2015	2,627
2016	2,733
2017	3,194
2018	3,283
2019	3,334
2020	3,439
2021	3,922
2022	3,158
2023	3,470

Source: State of Alabama; State Treasurer's Office

Alabama Trust Fund Distributions. To provide a more steady and reliable revenue stream to the State General Fund, rather than relying on unstable capital gains from the Alabama Trust Fund, the Legislature passed, the Governor signed, and the people approved Constitutional Amendment 856 to the State Constitution. Prior to this change, Amendment 666 to the State Constitution stated that in any year when trust income exceeded $60,000,000, 10% shall be transferred to the Municipal Government Capital Improvement Trust Fund, 10% shall be transferred to the County Government Capital Improvement Trust Fund, up to 10%, but no more than $15,000,000, shall be transferred to the Forever Wild Land Trust, one-fourth of 1% (increasing one-fourth of 1% each fiscal year), but no more than $5,000,000, shall be transferred to the Senior Services Trust Fund, with the remainder to the State General Fund. Oil and gas royalties were to be distributed as follows: 1% to the Land Division of the Department of Conservation and Natural Resources, of the 99% remainder, 65% to the Alabama Trust Fund, 28% to the Capital Improvement Trust Fund, and 7% to be split 50% to the Municipal Government Capital Improvement Trust Fund and 50% to the County Government Capital Improvement Trust Fund. In addition, the Alabama Trust Fund Board, with a majority of members present making a quorum, and with majority vote of members present, could transfer up to 75% of realized and unrealized capital gains, with 10% each transferred to the Municipal Government Capital Improvement Trust Fund and the County Governmental Capital Improvement Trust Fund and the remainder (80%) to the State General Fund.

Amendment 856 changed the distribution of 33% of the oil and gas capital payments paid into the Alabama Trust Fund for the fiscal year ending one year prior to the beginning of the fiscal year for which the distribution is being made plus 5% of the average market value of the invested assets of the Alabama Trust Fund as of the end of the three fiscal years ending prior to the beginning of the fiscal year for which the distribution being made. Such funds are now distributed as follows: 10% to the County Government Capital Improvement Trust Fund, 10% to the Municipal Government Capital Improvement Trust Fund; 10%, but not more than $15,000,000 in any one year, will go to the Forever Wild Land Trust, 1%, but not more than $5,000,000 in any one year, will go to the Senior Services Trust Fund, with the remainder to the State General Fund. The distributions may be reduced (either a smaller percentage of oil and gas payments, a smaller percentage of average amount of invested assets, or both) due to detrimental financial or market conditions if approved by a two-thirds vote of the entire board membership.

Amendment 856 also allowed for three transfers from the Alabama Trust Fund to the State General Fund for each of the fiscal years 2013 through 2015 in the amount of $145,796,943 annually.

Pursuant to Act No. 2013-6 duly adopted during the 2013 Regular Session of the Alabama Legislature, the Legislature shall provide for the repayment of all funds transferred from the Alabama Trust Fund to the State General Fund pursuant to Amendment 856 not later than September 30, 2026.

Act No. 2016-469 created the Alabama Economic Settlement Authority and allowed the Authority to issue bonds repayable from the State's economic settlement with BP. A portion of the proceeds from any such bonds were required to be used to repay amounts owed by the State to the General Fund Rainy Day Account and to the Alabama Trust Fund. The Act also amended the People's Trust Act to modify the repayment schedule required by that Act. All amounts owed to the Alabama Trust Fund will now be repaid no later than September 30, 2033.

Education Trust Fund Rainy Day Account. Amendment 709 to the State Constitution established an Education Trust Fund Rainy Day Account within the Alabama Trust Fund in 2002. The Amendment authorized a one-time transfer from the Alabama Trust Fund to the Education Trust Fund Rainy Day Account of up to six percent of the Education Trust Fund's appropriation for the fiscal year ended September 30, 2002.

On June 17, 2002, a transfer of approximately $248 million was made from the Alabama Trust Fund to the Education Trust Fund Rainy Day Account. During fiscal year 2003, proration in the Education Trust Fund was declared and $179,993,229 was transferred from the Education Trust Fund Rainy Day Account to the Education Trust Fund to lessen the effects of proration. These funds were fully repaid prior to the end of fiscal year 2007.

Amendment 803 to the State Constitution, ratified in November 2008, repealed Amendment 709 and established an Education Trust Fund Rainy Day Account and a General Fund Rainy Day Account within the Alabama Trust Fund. In any year in which the Governor declares that proration would occur, the Education Trust Fund Rainy Day Account or the General Fund Rainy Day Account shall be credited with funds from the Alabama Trust Fund. However, withdrawals from the Education Trust Fund Rainy Day Account are limited to 6.5 percent of the previous fiscal year's appropriations, less any previous withdrawals not repaid, and the General Fund Rainy Day Account withdrawals are limited to 10 percent of the previous fiscal year's appropriations, less any previous withdrawals not repaid. The Education Trust Fund Rainy Day Account must be repaid within six years and the General Fund Rainy Day Account must be repaid within ten years.

The Education Trust Fund Rainy Day Account was depleted in fiscal year 2009, and as of July 2015, the entire balance had been repaid to the Account. The General Fund Rainy Day

Account was depleted in fiscal year 2010. As of December 15, 2016, the entire balance had been repaid to the General Fund Rainy Day Account.

General Fund Budget Reserve Fund. The General Fund Budget Reserve Act, created by Act 2020-115, establishes the General Fund Budget Reserve Fund. Beginning on October 1, 2020, and on October 1 of each fiscal year thereafter, 20% of the ending balance in the General Fund from the previous fiscal year that was unanticipated and unappropriated by the Legislature as a beginning balance in the current fiscal year shall be dedicated to the fund. The Director of Finance shall transfer 20% of this balance by November 15 of each year and shall be made each year when the balance in the General Fund Budget Reserve Fund at the end of a fiscal year is less than $100 million. The bill authorizes withdrawals to be made from the General Fund Budget Reserve Fund in the event of proration in the General Fund. The Governor must certify to the State Comptroller and notify the Legislature that proration would occur in the General Fund. Any amount in excess of the amount necessary to avoid proration shall be repaid within 30 days after the end of the fiscal year in which withdrawals are made. In addition, amounts in the General Fund Budget Reserve Fund may be withdrawn through an independent supplemental appropriation bill enacted with a recorded vote of at least two-thirds of the membership of each legislative chamber to provide funding necessary for any of the following: (1) to offset a reduction in estimated revenues to the General Fund for the current fiscal year; (2) to fund state employee pay raises or bonuses; (3) to provide funding for unanticipated obligations. However, no funds may be appropriated until the balance of the General Fund Budget Reserve Fund at the end of the previous fiscal year equals or exceeds $50 million.

Alcoholic Beverage Control Board Revenue. Licenses and associated filing fees are required of distillers, manufacturers, wholesalers and retailers for the privilege of distributing alcoholic beverages within the State. Annual license fees vary with an original application filing fee of $50. The Alabama Alcoholic Beverage Control Board collects licenses, fees, and liquor, beer, and table wine taxes. Spirituous and vinous liquors are taxed at 56% of cost plus a 35% markup as set by the State, and the taxes, as well as the profits of the Alabama Alcoholic Beverage Control Board, are distributed to the General Fund, the Department of Human Resources, the Special Mental Health Trust Fund, and municipalities and counties in which the sale of alcoholic beverages is permitted by law. The last tax increase was passed in 1988.

Beer Tax and County Licenses. Excise taxes are levied on the sale, storage, or receipt of malt or brewed beverages for the purpose of distribution. The taxes total 5 cents per 12 fluid ounces or fractional part thereof and are collected by the Alabama Alcoholic Beverage Control Board for distribution to the General Fund, the Department of Human Resources, the Alabama Education Trust Fund, and counties in which the sale of alcoholic beverages is permitted by law.

Business Licenses. The State levies, at varying rates, a business privilege license fee on persons, firms, corporations, companies, associations, receivers, or trustees engaged in certain business, vocation, or profession. After distribution to any required regulatory boards and the cost of collection, the receipts are distributed 50% to the General Fund and 50% to the respective counties where such receipts are collected.

Business Privilege Tax. The business privilege tax is levied for the privilege of being organized under the laws of Alabama or doing business in Alabama (if organized under the laws of another state or country). This is an annual tax calculated on taxable Alabama net worth (net worth plus additions, minus exclusions, times the apportionment factor, less deductions). The tax is administered by the State Department of Revenue. A portion of the Business Privilege Tax is distributed to each county and the remainder is distributed to the General Fund.

Cigarette and Tobacco Taxes. A privilege and use tax on tobacco products, including a tax of 33.75 mills per cigarette ($0.675 per pack), is levied on the sale, storage or distribution of cigarettes by wholesalers and retailers, and varying rates on other tobacco products. This reflects an increase of 12.50 mills per cigarette effective October 1, 2015. The revenues from the 12.50 mill increase are required to be deposited in the General Fund for the Medicaid program. The remaining proceeds derived from the tax levied upon cigarettes are divided among the State Public Welfare Trust Fund, State Medicaid programs, the Special Mental Health Trust Fund, the State Park Fund, the State Health Department, the General Fund and the State Treasurer's Office for payment of maturities of principal and interest on: (1) certain bonds issued by the State Industrial Development Authority, and (2) certain bonds issued by the State or the Alabama Mental Health Finance Authority for the acquisition and construction of mental health facilities. The proceeds derived from the tax levied on tobacco products other than cigarettes are deposited into the General Fund.

Corporation Fees. Fees are charged by the Secretary of State and probate judges for filing documents, issuing certificates, and other services on behalf of corporations. Funds collected by the Secretary of State are divided between the Corporations Fund and the General Fund. Collections by counties are deposited in the county treasuries.

Driver's License Fees, Transcripts and Duplicates. County probate judges collect fees for four-year driver's licenses, eight-year non-driver's identification cards for those less than 62 years of age, transcripts, duplicates and learner's permits. Of the $36.25 fee for each driver's license, non-drivers identification card, or learner's permit issued, $1.50 is retained by the county, $20.76 is deposited into the Public Safety Fund for the Alabama Law Enforcement Agency, $0.05 to the Alabama Veterans Living Legacy Trust Fund, and the remainder is deposited into the State General Fund.

Federal Funds. Federal funds provided revenues to the State in prior years as shown in Table 21. Federal funds received in recent fiscal years provided the citizens of the State with aid in the areas of health, welfare, education, highways, employment services, disaster recovery, planning, energy and many routine government operations. No assurance can be made that federal funds will continue to be allocated to the State in the amounts received during prior years.

Financial Institutions Excise Tax. A 6.5% excise tax is levied on the net income of any bank, credit union, banking association, trust company, loan company or association, or person or institution coming into competition with the business of national banks. The funds remaining after deducting administrative costs and 0.5% which is distributed to the General Fund, are deposited 25% into the General Fund, 25% to the respective counties and 50% to the respective cities.

Gasoline Tax. Not including the additional tax imposed by the Rebuild Alabama Act (see "Recently Enacted Legislation – Rebuild Alabama Act Gasoline and Diesel Sales Tax" below), a total of $0.18 per gallon is now charged on the sale, consumption, distribution, storage or withdrawal from storage of gasoline in the State. After the cost of collection is deducted, the proceeds are distributed in three portions: $0.07, $0.05 and $0.06. A minor portion is distributed to State's Water Safety Fund and the Seafood Fund, and the remainder is divided between the Public Road and Bridge Fund and to the counties. The State Department of Revenue also collects an aviation gasoline tax on the sale, consumption, distribution or storage of gasoline for use as a fuel to propel aircraft. The proceeds, after a deduction for the cost of collection, are allocated to the Alabama Department of Transportation and to political subdivisions operating airports.

Hazardous Waste Fees. The State collects a per ton levy on operators of commercial sites for the disposal of hazardous substances for each ton of hazardous waste or hazardous substance received for disposal and disposed of at such sites, with a portion of the amount collected going to the State's General Fund and a portion going to the county in which the site is located.

Hydroelectric Companies Tax. The State levies a privilege tax on the manufacture and sale of hydroelectric power within the State. The tax is assessed at 2/5 of a mill (0.04%) upon each kilowatt-hour of hydroelectric power and is allocated 42% to the Alabama Education Trust Fund and 58% to the Special Mental Health Trust Fund.

Income Tax. The State levies a personal income tax at a maximum of 5% after specified exemptions and deductions (including federal income taxes paid). Corporate income remaining after the subtraction of statutory deductions (including federal income taxes paid) is taxed at the rate of 6.5%. After deducting costs of collections, and current year refunds, the State Department of Revenue allocates a portion of the income tax revenues to the General Fund, the Soldier's Relief Fund, and the Public School Fund for reimbursement for homestead and other ad valorem tax exemptions and any balance remaining is transferred to the State Treasurer for credit to the Education Trust Fund to be used for payment of public school teachers salaries only.

Insurance Company Licenses and Premium Tax. A license tax, at varying rates, is levied for the purposes of providing insurance within the State, and a premium tax is imposed on the amount of premiums written by an insurer. Capped amounts of $30,993,296 and $4,525,338 from Insurance Premium Tax are distributed to the Education Trust Fund and the Special Mental Health Trust Fund, respectively, and the remainder goes to the State General Fund. License renewal fees, Insurance Fraud unit assessments and Title insurance fees are wholly deposited into the Insurance Department Fund. Company fees, producer fees, retaliatory taxes and miscellaneous services collections are split evenly between the Insurance Department Fund and the State General Fund.

Interest on State Deposits. Interest earned by the State Treasurer through the investment of State funds is paid to the State Treasury and, unless otherwise provided for by law, is credited to the General Fund. Because these amounts are not considered to be derived from tax revenues, they are not reflected in Table 21.

Leasing or Renting of Tangible Personal Property. A privilege tax is levied upon persons engaging in leasing or renting tangible personal property. The tax rates are as follows: 4% of gross proceeds from leasing or renting tangible personal property; 1.5% of gross proceeds from renting or leasing automotive vehicles, trucks, semi-trailers or house trailers; and 2% of gross proceeds from renting or leasing linens and garments. All of the proceeds of this tax are distributed to the General Fund.

Lodgings Tax. A privilege tax is levied upon every person or firm that rents or furnishes lodgings or accommodations to transients for a period of less than 180 days for a fee. The tax is levied at the rate of 5% of the charges for accommodation in counties of the geographic region comprising the Alabama mountain lakes area and 4% of the charges for accommodations in all other Alabama counties. One fifth of the 5% tax collected in the Alabama mountain lakes area counties is distributed 50% to the Alabama Mountain Lakes Tourist Association and 50% to the respective 16 counties where the tax is collected for the promotion of tourism and recreation. The balance of the tax collected in the mountain lakes area counties as well as the entire proceeds from the 4% tax levy collected in all other Alabama counties is distributed as follows: 75% to the General Fund and 25% to the Department of Tourism and Travel.

Mortgage Recording Tax. A license tax is collected by the probate judge of each county for filing a mortgage, deed of trust, contract of conditional sale, or similar instrument given to secure payment of any debt incurred in connection with the conveyance or transfer of any real or personal property in the State, or any security agreement or financing statement provided for by the Alabama Uniform Commercial Code. The tax rate is $0.15 for each $100 of indebtedness, or fraction thereof. Out of the total amount collected, 5% is retained by the Judge of Probate to cover costs of collection. Two thirds of the net amount collected is deposited into the General Fund and one third into the county treasury.

Motor Fuels Tax. An excise tax is levied upon the sale, consumption, distribution, storage or withdrawal from storage of any motor fuel (primarily diesel) used in the operation of a motor vehicle upon State highways. Not including the additional tax imposed by the Rebuild Alabama Act (see "Recently Enacted Legislation – Rebuild Alabama Act Gasoline and Diesel Sales Tax" below), the State collects two levies ($0.13 and $0.06) which total $0.19 per gallon. The State Department of Revenue collects this tax and, after the cost of collection is deducted, the $0.13 tax is used for the repayment of Alabama Highway Authority Bonds, if any are outstanding, and the construction and maintenance of roads and bridges. The $0.06 tax is distributed 4.69% equally among the 67 counties for public road and bridge purposes, 0.93% to incorporated municipalities and the balance to the Department of Transportation for highway purposes.

Motor Vehicle Registrations. An annual license tax or registration fee is required for each motor vehicle operated on the public highways of Alabama. Registration fees are collected by the Judge of Probate of each county and are set at $23.00 for each passenger automobile, $15.00 for each motorcycle, $47.50 to $210.00 for each motor bus, $13.00 to $500.00 for motor homes and $13.00 to $890.00 for each commercial car, truck or truck tractor. Fees for buses are based on city population and seating capacity. After the deduction of administrative costs and certain additional amounts collected on cars, trucks and truck tractors, 72% of the proceeds is deposited into the Public Road and Bridge Fund, 21% is distributed to the county or municipality in which the vehicle is located and 7% is distributed by the State Treasurer to the 67 counties on the basis of vehicle registrations. Additional amounts collected on truck and truck tractors are distributed as follows: 64.75% to the Public Road and Bridge Fund and 35.25% among the 67 counties of the State. Also, $10 in additional fees on private passenger automobiles and trucks are deposited into the General Fund for Department of Public Safety purposes. See also "Recently Enacted Legislation – Battery Electric Vehicle License Tax" below.

Oil and Gas Privilege Tax. The State Department of Revenue collects an annual privilege tax on all persons engaged in the business of producing or severing oil or gas from beneath soil or water. Well units are taxed at a percentage of the gross value of the oil or gas at the point of production. The privilege tax rate varies according to type of well (offshore or onshore), permit date, and well classification (discovery, replacement, development, or occluded gas). The amount collected is divided between the General Fund and the counties where the oil and gas is produced (and the municipalities, if applicable).

Oil and Gas Production Tax. An oil and gas production tax is levied on the production of oil or natural gas severed from any well in Alabama. The tax is 2% of gross value at the point of production. The tax on offshore production, produced from depths greater than 8,000 feet below mean sea level is 1.66% of gross proceeds attributed to the offshore production. Revenues are collected by the Department of Revenue and distributed to the General Fund.

Pari-Mutuel Tax. A 1% tax is levied for businesses operating a dog or horse track, based upon the total amount wagered on all pari-mutuel races (both live and simulcast). In pari-mutuel races, individuals who wager on winners divide the total amount wagered in proportion to their individual wagers, after deduction of authorized taxes, fees, and management expenses. Pari-mutuel tax is collected by the Department of Revenue, and once the cost of collection is deducted, all proceeds are deposited into the State General Fund.

Public Utilities Tax. The State levies a 2.2% tax on each dollar of gross receipts for the preceding year on all persons operating a public utility except railroads, express companies, telephone and telegraph companies. After a deduction for costs of collection, the public utilities tax is distributed as follows: 15% to the General Fund and 85% to the Special Mental Health Trust Fund.

Sales and Use Taxes. The sales tax is a tax imposed on the gross proceeds from the sale of tangible personal property within the State. The use tax is an excise tax on the storage, use or other consumption within the State of tangible personal property purchased outside the State.

After the deduction of collection costs for the sales tax, $189,000 is distributed to the 67 counties on the basis of population; $189,000 is distributed to the 67 counties equally; to the extent not replaced from income tax proceeds, the replacement in the public school fund and in the General Fund of amounts lost by exemption of homesteads from ad valorem tax; $1,322,000 is distributed to the Department of Human Resources for general welfare purposes; varying amounts are distributed to the Department of Conservation and Natural Resources and to the General Fund from the increase in tax receipts due to the cap on license holder discounts; a varying amount for the administration of the Food Stamp Program is distributed to the Department of Human Resources; to the credit of the General Fund of 42% of the tax levied on sales of automotive vehicles, truck trailers, semitrailers, house trailers, and mobile home set-up materials and supplies, and 50% of the tax levied on sales of motorboats not collected by the seller; beginning January 1, 2016, for deposit into the State Treasury to the credit of the State General Fund the tax levied on consumable vapor products; and the balance is deposited into the Education Trust Fund.

After deduction of collection costs for the use tax, (i) 42% of the use tax proceeds on automotive vehicles, truck trailers, semi-trailers, house trailers and mobile homes is deposited into the General Fund and 58% is deposited into the Education Trust Fund, (ii) 50% of the tax proceeds on uses of motorboats not collected by the seller is deposited into the General Fund and 50% are deposited into the Education Trust Fund, (iii) 75% of the remote use tax amounts (collected from out-of-state vendors who do not have nexus in the State and from consumers on individual tax returns) is deposited into the General Fund and 25% is deposited into the Education Trust Fund, and (iv) 53% of the remaining use tax proceeds is deposited into the General Fund and 47% are deposited into the Education Trust Fund. Effective January 1, 2016, per Act 2015-535, taxes collected through the sales of consumer vapor products are deposited 100% into the State General Fund. See "RECEIPTS, DISBURSEMENTS, TAXES AND REVENUES - State Taxes and Other Major Sources of Revenues and Income – *Remote Sales/Use Tax*" herein for information regarding the distribution of remote sales/use tax proceeds.

An act passed during the 2006 Regular Session of the Alabama Legislature created a sales tax holiday that exempts from the State sales tax the purchase of selected products (computers, clothes, school supplies, etc.) up to a maximum cost, for the first weekend in August each year.

Tennessee Valley Authority Payments. The Tennessee Valley Authority ("TVA") makes payments in lieu of all taxes to the states where its power properties and operations are located. TVA pays 5% of its gross revenues from the sale of power in the preceding fiscal year to such states on a proportionate basis. The amounts received by the State from TVA's payments in lieu of taxes are distributed as follows: 83% to counties served by TVA and the remainder to the State. The State's share is required to be deposited into a special fund held by the State Treasurer (the "Special Fund") for the Alabama Incentives Financing Authority Bonds. If directed by a resolution of the Board of Directors of the Alabama Incentives Financing Authority, the State Treasurer must transfer from the Special Fund to the General Fund moneys and securities the Board of Directors determines are not needed to meet obligations of the Alabama Incentives Financing Authority.

Utility Gross Receipts Tax and Utility Service Use Tax. The State Department of Revenue collects a privilege tax on every utility furnishing utility services in the State. For every utility furnishing electricity, domestic water or natural gas, the tax rate is 4% on the first $40,000 of monthly sales, 3%, on the next $20,000 of monthly sales and 2% on all monthly sales above $60,000. For every utility furnishing telegraph or telephone services, the rate is 6% on all monthly sales. After a deduction for cost of collection and $14,600,000 for deposit into the Special Mental Health Trust Fund, the proceeds from this tax are deposited into the Education Trust Fund. The Utility Service Use Tax, complementary to the Utility Gross Receipts Tax, is levied on the sales price of utility services stored, used or otherwise consumed in Alabama, regardless of whether the utility is engaged in business in Alabama, at the same rates as the Utility Gross Receipts Tax. After a deduction for cost of collection, the proceeds of this tax are deposited into the Education Trust Fund.

Recently Enacted Legislation

Alabama Accountability Act. The Alabama Accountability Act of 2013 (Act No. 2013-64, 2013-265, 2015-434), among other things, (1) allows for flexibility contracts between the State Board of Education and local public school districts in order to enhance innovation in Alabama public schools, (2) creates income tax credits for families with students in a failing school to attend a nonpublic school or non-failing public school, and (3) creates income tax credits for taxpayers who donate to a nonprofit organization that provides scholarships for students to attend a nonpublic school or non-failing public school.

The income tax credits for families with students in a failing school are refundable tax credits, which means that, if the Alabama income taxes owed by the family are less than the total credit allowed under the act, the family is entitled to a refund or rebate equal to the balance of the unused credit. The act provides that these refunds or rebates are to be paid out of sales tax collections of the Education Trust Fund. In the fiscal year ended September 30, 2021, $71,644.70 was paid from sales tax collections. The act provides for no limit on these tax credits. The income tax credits for taxpayers who donate to nonprofit scholarship organizations are not refundable tax credits; further, the act limits these tax credits to $30,000,000 per year.

Remote Sales/Use Tax. Under Act No. 2012-599 of the Alabama Legislature, if any national agreement for the collection of sales and use taxes from remote sellers establishes a national tax rate or requires the State to establish a single statewide rate on remote sales, the distribution of remote sales and use tax proceeds would be as follows: 50% to the State (with 75% thereof deposited into the State General Fund and 25% thereof deposited into the Education Trust Fund); 25% to the municipality in which the delivery was made, if the delivery is made within a municipality; and the remainder to the county in which the delivery is made.

Act No. 2015-448 of the Alabama Legislature allows all remote sellers who make retail sales into Alabama to enter into voluntary agreements with the State, under which they would agree to collect and pay to the State a flat 8% sellers use tax on all sales made into Alabama. The amounts collected pursuant to these agreements are distributed 50% to the State, 25% among the counties in the State and 25% among the municipalities in the State. The State's share of the amounts collected pursuant to these agreements is deposited 75% to the State General Fund and 25% to the Education Trust Fund.

Effective January 1, 2019, Act 2018-539 of the Alabama Legislature established the distribution of the proceeds from the Simplified Sellers Use Tax Remittance Program's statewide 8% tax. The proceeds of such tax will be distributed as follows: 50% to the State (with 75% thereof deposited into the State General Fund and 25% thereof deposited into the Education Trust Fund); 30% to Alabama municipalities, based on census population percentages; and 20% to Alabama counties, based on census population percentages. Also effective January 1, 2019, a cap of $8,000 will be placed on the discount for timely remittance of the Simplified Sellers Use Tax collections.

Rebuild Alabama Act Gasoline and Diesel Tax. Pursuant to Act No. 2019-2 of the Alabama Legislature, the tax on gasoline and diesel fuel increased by (1) $0.06 on each net gallon of gasoline and diesel fuel on September 1, 2019, (2) an additional $0.02 on each net gallon of gasoline and diesel fuel on October 1, 2020 (i.e., an aggregate increase of $0.08 per net gallon) and (3) an additional $0.02 on each net gallon of gasoline and diesel fuel on October 1, 2021 (i.e., an aggregate increase of $0.10 per net gallon). Beginning October 1, 2023, and on July 1 of every other year thereafter, the tax rate will be adjusted by the percentage change in the yearly average of the National Highway Construction Cost Index (NHCCI) for the most recent period ending December 31, compared to the base year average, which is the average for the 12-month period ending December 31, 2020 and rounded to the nearest whole cent. The maximum amount or increase or decrease in the tax rate will not exceed $0.01 per net gallon and will take effect every other year. Up to $750,000 per month of the additional gasoline tax and up to $230,000 per month of the additional diesel tax are distributed to pay debt service on bonds to issued by Alabama Highway Finance Corporation in a par amount not to exceed $150,000,000. The remaining proceeds from the additional taxes are distributed (1) 66.67% to the Alabama Department of Transportation to be used various transportation infrastructure projects, (2) 25% among the counties of the State to be used various transportation infrastructure projects and (3) 8.33% among the municipalities of the State to be used various transportation infrastructure projects.

Battery Electric Vehicle License Tax. Pursuant to Act No. 2019-2 of the Alabama Legislature, an annual license tax and registration fee of $200 is imposed on each battery electric vehicle operate on the public highways of the State and an annual license tax and registration fee of $100 is imposed on each plug-in hybrid electric vehicle operated on the public highways of the State. Such fees are effective January 1, 2020. Beginning July 1, 2023 and every fourth year thereafter, the additional annual license tax and registration fee will increase by $3. Such fees are subject to reduction in the event certain federal surcharge or registration fees are imposed on such vehicles and such amounts are used solely for highway transportation purposes in the State. The first $150 collected from the annual license tax and registration fee on each battery electric vehicle and the first $75 collected from the annual license tax and registration fee on each plug-in hybrid electric vehicle will be distributed 66.67% to the State, 25% among the counties of the State and 8.33% among the municipalities of the State for public road, highway and bridge projects. The remainder of the annual fees collected will be deposited in the Rebuild Alabama Fund and used by the Alabama Department of Transportation to fund electric vehicle transportation charging infrastructure until the number of registrations of battery electric vehicles and plug-in hybrid electric vehicles reaches 4% of the total annual registration of motor vehicles in the State, at which point the annual fees will be reduced to $150 and $75, respectively.

Sales and Use Tax on Food. Pursuant to Act No. 2023-554, the State sales and use tax rates on food were reduced from 4 percent to 3 percent on September 1, 2023. The Act provides for an additional 1 percent reduction (to 2 percent) on September 1, 2024, if the average of the estimated growth in the total net receipts from all revenue sources to the Education Trust Fund for the fiscal year ending September 30, 2025, as certified by the Director of Finance and the Legislative Fiscal Officer, is at least 3.5 percent higher than the previous fiscal year. If the growth requirement is not satisfied for the fiscal year ending September 30, 2025, the rate will be reduced to 2 percent in a subsequent fiscal year when the growth rate requirement is satisfied. On August 23, 2024, the State Department of Revenue released a notice stating that the estimated revenue growth in the Education Trust Fund did not meet the 3.5 percent requirement for the fiscal year ending September 30, 2025 and that the tax rate would remain at 3 percent until at least September 1, 2025.

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STATE RETIREMENT PROGRAMS

General

The State is one of many participants in three statewide retirement pension benefit programs provided through the Retirement Systems of Alabama ("RSA" or the "Systems") and two healthcare benefit programs. Teachers' Retirement System ("TRS" or the "Teachers' System"), Employees' Retirement System ("ERS" or the "Employees' System"), and Judicial Retirement Fund ("JRF") operate under common management and are collectively referred to as RSA. Each of the three retirement pension programs is a defined benefit program, whereby the investment risk of the program is borne by the employer.

The Systems are funded by (1) employee contributions, (2) appropriations by the Legislature from the Education Trust Fund, the General Fund and other funds from local units who are responsible for employer contributions, and (3) earnings on investments. Active members participate in the Systems as a condition of employment with concurrent contributions made on their behalf by their respective employer.

The TRS, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, under the provisions of Act 419 of the Legislature of 1939 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control.

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, under the provisions Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of the ERS is vested in its Board of Control.

The JRF, a cost-sharing multiple-employer public employee retirement plan, was established as of September 18, 1973, pursuant to Act 1173 of the Legislature of 1973 (codified at Title 12, Chapter 18 of the Code of Alabama (1975)) for the purpose of providing retirement allowances and other specified benefits for any Justice of the Supreme Court of Alabama, Judge of the Court of Civil Appeals, Judge of the Court of Criminal Appeals, Judge of the Circuit Court, or office holder of any newly created judicial office receiving compensation from the State Treasury. Act 1205 of the Legislature of 1975 (codified at Title 12, Chapter 19, Articles 3 and 4 of the Code of Alabama (1975)) enlarged the scope and coverage of the JRF to include District and Probate Judges. Act 498 of the Legislature of 2015 (codified at Title 12, Chapter 18, Article 7 of the Code of Alabama (1975)) established the Judges' and Clerks' Plan within the JRF for any Judge or Clerk who was first elected or appointed on or after November 8, 2016, and was not a member of the JRF or the Clerks' and Registers' Supernumerary Fund prior to that date. Act 498 of the Legislature of 2015 (codified at Section 12-17-22 of the Code of Alabama (1975)) established the District Attorneys' Plan with the JRF for any District Attorney serving in the capacity of District Attorney on or after November 8, 2016. The responsibility for the general administration and operation of the JRF is vested in the Board of Control of the ERS.

The TRS, ERS, and JRF provide retirement benefits as well as death and disability benefits as established by state law. Changes to benefits, including ad hoc cost of living adjustments, must be established by statute. For employees hired prior to January 1, 2013 (Tier 1), benefits for TRS and ERS members vest after 10 years of creditable service. Tier 1 teachers and state employees who retire after age 60 (52 for State Police) with 10 years of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service retirement benefits are based on a guaranteed minimum or a formula method with the member receiving payment under the method which yields the highest monthly benefit. Under the formula method, Tier 1 members of TRS and ERS (except State Police) are allowed 2.0125 percent of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875 percent for each year of State Police service in computing the formula method. Disability retirement benefits are calculated in the same manner.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS and ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS and ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

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At September 30, 2023, the number of participating employers in each system was as follows.

Table 25.
Participating Employers by System
As of September 30, 2023

	TRS	ERS	JRF
Cities	-	308	-
Counties	-	66	67
Other Public Entities	-	510	-
Universities	13	-	-
Postsecondary Institutions	25	-	-
City and County Boards of Education	139	-	-
State Agencies and Other	41	1	1
Total	**218**	**885**	**68**

Source: Retirement Systems of Alabama's Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2023.

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The following table shows the number of active and retired members in the various state and local participating units of the Systems.

Table 26.
Number of Active and Retired Members
As of September 30, 2023

					ERS		
	TRS	**ERS**	**JRF**	**Total Members**	**State Employees**	**State Police**	**Local Member**
Retirees and beneficiaries receiving benefits	105,549	56,743	459	162,751	25,112	994	30,637
Terminated employees entitled to benefits but not yet receiving benefits	29,312	28,224	11	57,547	7,191	58	20,975
Non-vested inactive members who have not contributed for more than 5 years	34,892	24,362	25	59,279	24,362	-	-
Active Members	135,783	84,697	372	220,852	26,656	724	57,317
Total	**305,536**	**194,026**	**867**	**500,429**	**83,321**	**1,776**	**108,929**

Source: Retirement Systems of Alabama's Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2023.

Benefits Provided

The Systems provide retirement, disability, and death benefits. The benefits are available to members at varying times during their creditable service. For Tier 1 members, retirement benefits are available after 25 years of creditable service or after 10 years of creditable service and attainment of age 60. Tier 1 members of the Systems are vested after accumulating ten (10) years of creditable service.

Tier 2 members are also provided retirement, disability and death benefits. For Tier 2 members, retirement benefits are available after ten (10) years of creditable service and attainment of age 62. Tier 2 members of the Systems are vested after accumulating ten (10) years of creditable service.

Members are eligible to participate in one of two health insurance plans. For a discussion of health benefits provided, see "Other Post Employment Benefits" below.

DROP Program

Operation of the State's Deferred Retirement Option Program ("DROP") commenced in June 2002. DROP was a retirement program designed to keep highly experienced employees from taking early retirement. DROP allowed state and education employees who were eligible for retirement to defer receipt of their retirement allowance and continue employment for a period of not less than 3 years nor more than 5 years. At the end of the period, the member could withdraw from active service and receive his or her normal retirement benefit calculated at the time of enrollment in DROP, plus a lump sum payment comprised of the deferred retirement benefits, employee contributions made while participating in DROP, and interest earned on DROP deposits. DROP participation was available to eligible members who had at least twenty-five years of service (exclusive of sick leave), were at least 55 years of age, and were eligible for service retirement.

In March 2011, the Alabama Legislature voted to repeal DROP and the Governor signed Act No. 2011-27 effecting the repeal. The repeal of DROP was effective March 24, 2011, with no new participants allowed to enter DROP with an effective participation date after June 1, 2011.

PLOP Program

Act 316 of the Legislature of 2019 established the Partial Lump Sum Option Plan (PLOP) in addition to the annual service retirement benefit payable for life for Tier 1 and Tier 2 members of the TRS and ERS. A member can elect to receive a one-time lump sum distribution at the time that they receive their first monthly retirement benefit payment. The member's annual retirement benefit is then actuarially reduced based on the amount of the PLOP distribution which is not to exceed the sum of 24 months of the maximum monthly retirement benefit that the member could receive. Members are eligible to receive a PLOP distribution if they are eligible for a service retirement benefit as defined above from the TRS or ERS on or after October 1, 2019. A TRS or ERS member who receives an annual disability retirement benefit or who has participated in DROP is not eligible to receive a PLOP distribution.

Annual Valuation and Unfunded Accrued Liability

The Code of Alabama (1975) requires an annual actuarial valuation of TRS, ERS, and JRF by a competent actuary. Valuations are released approximately one year after the valuation date. The System actuary is currently Cavanaugh Macdonald Consulting, LLC ("Cavanaugh"). Cavanaugh prepared actuarial valuations as of September 30, 2023, for TRS, ERS, and JRF and provided those results to RSA in Spring 2024.

In connection with the Systems' pension programs, the State is pooled with certain local governments and municipalities, universities, colleges and community colleges, boards and authorities, non-profit agencies, parks, libraries and other affiliated groups. Because the Systems' assets and liabilities are pooled on a program-wide basis, the State is pooled with all Alabama local governments in connection with the Systems.

An employer's unfunded actuarial liability ("UAL") is the excess of the actuarially determined present value of the employer's benefit obligations to employees over the existing actuarially determined assets available to pay those benefits. The actuarial reports for each annual valuation contain information about periodic adjustments to valuation methods used for determining UAL.

The following methods and assumptions adopted by the RSA are the basis for the actuarial valuations of the related pension benefit programs.

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Table 27.
Pension Assumption Method

Actuarial Cost Method:	
TRS	Entry Age Normal
ERS	Entry Age
JRF	Entry Age Normal
UAL Amortization Method:	
TRS	Level Percent Closed
ERS State & Local Employees	Level Percent Closed
ERS State Police	Level Percent Closed
JRF(3)	Level Percent Closed
Amortization Period (1):	
TRS	24.9 years (blended)
ERS State Employees	24.9 years (blended)
ERS State Police	18.7 years (blended)
ERS Local Employees	Within 30 years - varies by employer
JRF	17.5 years
Asset Valuation Method:	Five-Year Market Related Value
Investment Rate of Return(1):	
TRS	7.45%
ERS	7.45%
JRF	7.30%
Payroll Growth Rate (2):	
TRS	3.250% - 5.000%
ERS State & Local Employees	3.250% - 6.000%
ERS State Police	4.000% - 7.750%
JRF	2.750%
Inflation Level:	
TRS and ERS	2.500%
JRF	2.750%
Cost of Living Adjustments:	
TRS and ERS	None
JRF	2.750% per year for certain members hired prior to July 30, 1979, and for spouses benefits subject to increase

Note (1) See actuarial reports for additional information.
Note (2) Includes inflation.
Note (3) For the District Attorneys' Plan, the amortization method is level percent open.
Sources: Actuarial reports for ERS, TRS, and JRF, as of 9/30/2023.

State law provides that the RSA Boards of Control engage an actuary to prepare an annual valuation of the assets and liabilities of each of the various retirement plans. The actuary determines the "unfunded actuarial liability."

On June 25, 2012, GASB approved two new standards with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new standards are set forth in GASB Statements 67 and 68. The changes impact the accounting treatment of most pension plans in which state and local governments participate. While these new accounting standards change financial statement reporting requirements, they do not impact the funding requirements for members, employers or the State. The impact of the new GASB financial reporting requirements are reflected in the RSA's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2023.

Teachers' Retirement System

Actuarial Valuations. The table below reflects the unfunded actuarial accrued liability, actuarial value of assets and funded ratio of the TRS as of the actuarial valuation dates shown.

Table 28.
Historical Funded Status
Teachers' Retirement System
(includes non-State obligated portion)
(dollar amounts in millions)

Valuation Date (September 30)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (%) (a/b)
2022	$28,518	$42,552	$14,034	67.0%
2021(2)	28,154	40,107	11,953	70.2%
2020	26,684	37,753	11,069	70.7%
2019	25,821	37,215	11,394	69.4%
2018(1)	25,006	35,628	10,622	70.2%
2017(1)	23,887	34,688	10,801	68.9%
2016(2)	22,646	33,144	10,498	68.3%
2015	21,740	31,845	10,105	68.3%

Note (1) Reflects changes in actuarial assumptions.

Note (2) Reflects changes in actuarial assumptions and methods.

Source: Teachers' Retirement System of Alabama - Report of the Actuary on the Annual Valuation prepared as of September 30, 2022.

Cash Flow Analysis. The table below reflects a cash flow analysis for the Teachers' System for the fiscal years shown below.

Table 29.
History of Additions and Deductions
Teachers' Retirement System
(dollar amounts in millions)

	2023	2022	2021	2020	2019	2018	2017
Employee Contributions	596.8	563.1	525.7	515.0	522.9	493.5	489.6
Employer Contributions	1,008.4	932.3	874.4	862.5	869.3	802.6	782.7
Investment Income	3,335.2	(3,876.9)	5,727.8	1,374.4	614.4	2,264.2	2,636.1
Other Income/Transfers	0.5	58.7	0.4	0.6	--	24.7	--
Total Additions	4,940.9	(2,322.7)	7,128.3	2,752.5	2,006.6	3,585.0	3,908.4
Total Deductions (1)	2,673.6	2,658.3	2,512.8	2,425.5	2,322.7	2,289.8	2,193.3
Net Increase (Decrease)	2,267.3	(4,981.1)	4,615.5	327.0	(316.1)	1,295.2	1,715.1

Note (1) Includes payments to retirees and beneficiaries, as well as administrative expenses.

Note: Totals may not add due to rounding.

Source: RSA's Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023.

Employees' Retirement System

Actuarial Valuations. The table below reflects the unfunded actuarial accrued liability, actuarial value of assets and funded ratio of the ERS as of the actuarial valuation dates shown.

Table 30.

Historical Funded Status
Employees' Retirement System – Total All Groups
(includes non-State obligated portion)
(dollar amounts in millions)

Valuation Date (September 30)	Actuarial Value of Assets[(1)] (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (%) (a/b)
2022	$14,505	22,096	7,591	65.6%
2021	14,291	21,105	6,814	67.7%
2020[(2)]	13,491	19,786	6,295	68.2%
2019	12,646	18,544	5,898	68.2%
2018[(1)]	12,241	17,830	5,589	68.7%
2017[(1)]	11,691	17,251	5,560	67.8%
2016[(1)]	11,082	16,728	5,646	66.2%
2015	10,589	15,724	5,135	67.3%
2014	10,135	15,138	5,003	66.9%

Note (1) Reflects changes in actuarial assumptions and methods.
Note (2)) Reflects impact of Act No. 2019-132.
Source: Employees' Retirement System of Alabama - Report of the Actuary on the Annual Valuation prepared as of September 30, 2022.

Cash Flow Analysis. The table below reflects a cash flow analysis for the Employees' System for the fiscal years shown below.

Table 31.
History of Additions and Deductions
Employees' Retirement System

(dollar amounts in millions)

	2023	2022	2021	2020	2019	2018	2017
Employee Contributions	334.5	309.7	286.4	324.3	254.4	241.7	233.9
Employer Contributions	593.2	559.9	516.4	810.8	467.6	426.3	426.2
Investment Income	1,653.9	(1,945.5)	2,861.0	723.6	320.6	1,098.4	1,402.2
Other Income & Transfers	.2	2.8	0.3	0.4	--	--	--
Total Additions	2,581.8	(1,073.0)	3,663.9	1,859.1	1,048.6	1,766.4	2,062.3
Total Deductions [(1)]	1,447.6	1,407.2	1,335.1	1,277.1	1,194.5	1,194.5	1,116.9
Net Increase (Decrease)	(1,134.2)	(2,480.3)	2,328.9	582.0	(151.9)	571.9	945.4

Note (1) Includes payments to retirees and beneficiaries, as well as administrative expenses
Note: Totals may not add due to rounding
Source: RSA's Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023.

Unfunded Accrued Liability – State and Local Obligations. The statute creating the ERS, which allows covered local government employees to elect to participate in the ERS, provides that, notwithstanding anything to the contrary, the ERS shall not be liable for the payment of any pensions or other benefits on account of employees of any local government, whether active or retired, for which reserves have not been previously created from funds contributed by each such local government for the employees of that local government. For that reason, among others, the following table separately reflects the unfunded accrued liability of the ERS, as determined by the actuary, for state employees and State Police and the total unfunded accrued liability for all covered employees, as of the annual valuation dates shown.

Table 32.
Unfunded Accrued Liability – Employees' Retirement System
(dollar amounts in millions)

Valuation Date (September 30)	Unfunded Liability for State Employees and State Police	Unfunded Liability for All Groups
2023	$4,285	$8,458
2022	3,930	7,591
2021	3,555	6,814
2020	3,371	6,295
2019	3,293	5,898
2018	3,115	5,589
2017	3,095	5,560
2016	3,079	5,646
2015	2,901	5,135
2014	2,791	5,003

Source: Reports of the Actuary on the Actuarial Valuation of Employees' Retirement System of Alabama prepared as of September 30, 2023.

The funded status of the pension programs may change depending on the market performance of the securities that RSA is invested in, future changes in compensation and benefits of covered employees, demographic characteristics of members and methodologies and assumptions used by the actuary in estimating the assets and liabilities of RSA. Additionally, the market value of the investments held by RSA is determined using various sources. For descriptions of the methodologies applied to determine the market value of RSA's investments, refer to the Retirement Systems of Alabama's Annual Comprehensive Financial Report. No assurance can be given that the UAL of the pension programs and the State's contribution rates will not materially increase.

Judicial Retirement Fund

Actuarial Valuations. The table below reflects the unfunded actuarial accrued liability, actuarial value of assets and funded ratio of the JRF as of the actuarial valuation dates shown.

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Table 33.
Historical Funded Status
Judicial Retirement Fund
(includes non-State obligated portion)

(dollar amounts in millions)

Valuation Date (September 30)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (%) (a/b)
2022	$335	$545	$210	61.5%
2021[1]	334	500	163	66.8%
2020	319	482	165	66.1%
2019	311	476	165	65.3%
2018[1]	305	458	153	66.7%
2017[2]	293	448	155	65.4%
2016[1]	280	447	167	62.6%
2015	267	428	161	62.5%

Note (1) Reflects changes in actuarial assumptions and methods.

Note (2) Reflects changes in benefit structure beginning November 8, 2016.

Source: Alabama Judicial Retirement Fund - Report of the Actuary on the Annual Valuation prepared as of September 30, 2022.

Special Payments. In addition to these contributions to the Judicial Retirement Fund, there are certain supernumerary and other eligible persons, who are receiving special payments which are, or might be construed to be, pensions. The present total of all such payments is not considered to be material to the State.

Cash Flow Analysis. The table below reflects a cash flow analysis for the Judicial Retirement Fund for the fiscal years shown below.

Table 34.
History of Additions and Deductions
Judicial Retirement Fund
(dollar amounts in millions)

	2023	2022	2021	2020	2019	2018	2017
Employee Contributions	5.0	4.7	4.3	4.2	4.1	3.9	4.0
Employer Contributions	21.6	20.6	18.3	18.1	18.0	17.2	17.4
Investment Income	42.8	(51.8)	63.7	23.2	11.0	27.6	32.7
Other Income & Transfers	--	--	--	--	--	--	--
Total Additions	69.4	(26.5)	86.3	45.5	33.1	48.7	54.1
Total Deductions [1]	43.4	41.3	39.5	39.4	37.9	33.9	33.6
Net Increase (Decrease)	26.0	(67.8)	46.8	6.1	(4.8)	14.8	20.6

Note (1) Includes payments to retirees and beneficiaries, as well as administrative expenses
Note: Totals may not add due to rounding
Source: RSA's Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023.

Total Unfunded Liability of System

The following table depicts the unfunded actuarial accrued liability ("UAAL") for both the State-obligated and non-State obligated portions for the Systems.

Table 35.
Pension Unfunded Accrued Liability

As of September 30, 2023

	State	**Local**	**Total**
TRS[1]	$15,409		$15,409
JRF[2]	223		223
ERS:			
Employees	3,911		3,911
Local Government		$4,173	4,173
State Policemen	373		373
Total Unfunded Actuarial Accrued Liability	**$19,916**	**$4,173**	**$24,089**

Note (1) The TRS State and Local Amounts are based on the 9/30/2023 TRS Valuation

Note (1) The JRF State and Local Amounts are based on the 9/30/2023 JRF Valuation

Sources: State of Alabama Executive Budget Office; Retirement Systems of Alabama Actuary Reports as of 9/30/23

Employer Contributions

Sufficiency of Contributions. As required by the Code of Alabama (1975), the TRS, ERS, and JRF provide for employer contributions at actuarially determined rates (expressed as percentages of annual covered payroll) that accumulate sufficient assets to pay benefits when due. The employer contributions required to support the benefits of each system are determined following a level funding approach and consist of a normal contribution, an accrued liability contribution, and a portion to finance administrative costs. At the end of each fiscal year, the latest actuary-provided valuations determine employer contribution rates, which are effective for the following year. The employer contributions are made from funds on deposit in the Education Trust Fund, the General Fund, earmarked State funds, and from other funds provided by local units.

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Contribution Rates. The following table shows the State's employer contribution rates expressed as a percentage of the actuarially determined covered payroll for System pension costs.

Table 36.
Employer Retirement Contributions

Fiscal Years	Teachers (1) Tier 1	Teachers (1) Tier 2	State Employees (1) Tier 1	State Employees (1) Tier 2	State Police (1) Tier 1	State Police (1) Tier 2	Judicial(2) Groups 1 & 2	Judicial(2) Group 3 Judges & Clerks	Judicial(2) Group 3 District Attys
2024	15.59%	11.57%	16.00%	15.76%	44.84%	42.47%	42.47%	37.72%	19.77%
2023	12.59%	11.44%	14.82%	14.44%	51.67%	42.86%	42.10%	37.34%	19.77%
2022	12.43%	11.32%	14.83%	14.44%	52.22%	42.86%	42.10%	37.47%	19.77%
2021	12.36%	11.22%	14.64%	14.24%	51.75%	42.89%	40.80%	35.61%	19.77%
2020	12.43%	11.34%	15.24%	14.87%	52.29%	45.56%	40.40%	35.05%	19.77%
2019	12.41%	11.35%	14.51%	14.14%	50.08%	43.43%	41.40%	34.32%	19.77%
2018	12.24%	11.01%	13.94%	13.29%	44.44%*	39.29%*	40.09%	34.32%	19.77%
2017	12.01%	10.82%	13.89%	13.25%	57.25%	53.55%	40.65%	34.32%	19.77%
2016	11.94%	10.84%	14.57%	14.09%	42.61%	38.98%	40.98%		
2015	11.71%	11.05%	13.45%	13.31%	38.37%	32.45%	35.24%		
2014	11.71%	11.08%	12.02%	11.96%	35.81%	29.52%	35.24%		
2013	10.08%	9.44%	10.12%	10.04%	31.61%	25.32%	32.06%		
2012	10.00%		9.42%		29.92%		24.35%		
2011	12.51%		11.94%		30.57%		24.20%		
2010	12.51%		11.94%		30.57%		24.20%		
2009	12.07%		11.88%		30.99%		23.23%		
2008	11.75%		10.26%		30.42%		23.23%		
2007	9.36%		7.78%		24.12%		22.50%		
2006	8.17%		6.77%		21.36%		21.93%		
2005	7.03%		5.57%		18.03%		21.93%		
2004	6.56%		4.19%		13.87%		21.93%		
2003	5.02%		3.95%		9.24%		21.19%		
2002	5.96%		3.95%		9.24%		21.19%		
2001	6.38%		4.08%		9.45%		21.19%		
2000	6.38%		4.08%		9.45%		21.19%		

Note (1) Act No. 2012-377 created a Tier 2 defined benefit plan for all TRS and ERS members hired on or after 1/1/13. New members and their employers will pay lower contribution rates. However, new members will not be able to draw a retirement benefit until they reach age 62. State Police, law enforcement, firefighters and correctional officers will be able to draw a benefit at age 56.

Note (2) Act 2015-498 established a new group (Group 3) of members within JRF, which consists of all Justices, Judges and Circuit Clerks first elected or appointed, and District Attorneys serving in the capacity of District Attorney, on or after November 8, 2016, Group 3 members are eligible for retirement at age 62 with 10 or more years of creditable service and are entitled to an annual retirement benefit, payable monthly for life.

* Amortization method has been revised since the 2015 valuation to level percent of payroll to reflect the impact of Act 2017-360.

Source: Actuarial reports for TRS, ERS, and JRF.

Future Increases in Benefits

There is, of course, no guarantee that future legislation will not provide further increases in benefits without providing for either corresponding increases in member contributions or increases in taxes to fund the increased level of benefits, the net effect of which could be the disbursement of a higher proportion of the State's assets to fund the Systems than that represented by the contributions by the State for the most current fiscal year.

Solvency Tests

Tables 37, 38 and 39 that follow reflect a 6-year history of solvency for each of the Teachers' System, the Employees' System, and the Judicial Retirement Fund.

Table 37.
Teachers' Retirement System of Alabama
Solvency Test
2015-2022

(dollar amounts in thousands)

	Aggregate Accrued Liabilities for				Portion of Accrued Liabilities Covered by Reported Assets [3]		
Valuation Date (September 30)	**(1) Active Member Contributions**	**(2) Retirants and Beneficiaries**	**(3) Active Members (Employer Financed Portion)**	**Reported Assets**	**A**	**B**	**C**
9/30/2022	$6,865,652	$23,899,984	$11,786,733	$28,518,292	100.0%	91.0%	0.0%
9/30/2021[2]	6,589,860	23,111,616	10,405,330	28,154,229	100.0%	93.0%	0.0%
9/30/2020	6,356,922	21,781,149	9,614,729	26,681,239	100.0%	93.0%	0.0%
9/30/2019	6,100,489	21,093,665	10,021,316	25,821,326	100.0%	93.0%	0.0%
9/30/2018[1]	5,788,187	20,511,811	9,328,400	25,006,419	100.0%	94.0%	0.0%
9/30/2017[1]	5,504,125	19,886,016	9,297,737	23,887,077	100.0%	92.0%	0.0%
9/30/2016[2]	5,197,469	19,257,160	8,689,205	22,645,512	100.0%	91.0%	0.0%
9/30/2015	4,894,145	18,621,250	8,329,448	21,740,280	100.0%	90.0%	0.0%

Note (1) Reflects changes in actuarial assumptions.

Note (2) Reflects changes in actuarial assumptions and methods.

Note (3) Column A represents the percentage of Active Member Contributions, as shown in (1), covered by the Reported Assets. Column B represents the percentage of the amounts owed to Retirants and their Beneficiaries covered by Reported Assets after accounting for the payment of amounts constituting Active Member Contributions, as shown in (1) (for example, for the valuation date of 9/30/15: ($21,740,280-$4,894,145)/$18,621,250). Column C represents the percentage of amounts owed to Active Members covered by Reported Assets after accounting for the payment of amounts constituting Active Member Contributions, as shown in (1), and amounts owed to Retirants and their Beneficiaries, as shown in (2) (for example, for the valuation date of 9/30/15: ($21,740,280-$4,894,145-$18,621,250)/$8,329,448).

Source: Actuarial Valuation for TRS as of 9/30/22.

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Table 38.
Employees' Retirement System of Alabama
Solvency Test
2015-2022

(dollar amounts in thousands)

	Aggregate Accrued Liabilities for						
Valuation Date (September 30)	(1) Active Member Contributions	(2) Retirants and Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets [(4)] A	B	C
9/30/2022	$3,406,262	$12,265,708	$6,423,967	$14,504,813	100.0%	90.0%	0.0%
9/30/2021 [(1),(2)&(3)]	3,292,498	11,794,825	6,017,619	14,291,093	100.0%	93.0%	0.0%
9/30/2020 [(2)]	3,207,292	10,984,239	5,594,541	13,491,176	100.0%	94.0%	0.0%
9/30/2019	3,038,594	10,300,063	5,204,885	12,645,789	100.0%	93.0%	0.0%
9/30/2018 [(1)]	2,922,432	9,944,503	4,962,800	12,240,597	100.0%	93.0%	0.0%
9/30/2017 [(1)]	2,817,368	9,567,278	4,866,189	11,690,952	100.0%	93.0%	0.0%
9/30/2016 [(1)]	2,707,129	9,209,857	4,811,023	11,082,280	100.0%	91.0%	0.0%
9/30/2015	2,591,066	8,666,490	4,466,164	10,589,258	100.0%	92.0%	0.0%

Note (1) Reflects changes in actuarial assumptions and methods.

Note (2) Reflects impact of Act No. 2019-132.
Note (3) Reflects impact of Act 2022-351 and Act 2022-184.
Note (4) Column A represents the percentage of Active Member Contributions, as shown in (1), covered by the Reported Assets. Column B represents the percentage of the amounts owed to Retirants and their Beneficiaries covered by Reported Assets after accounting for the payment of amounts constituting Active Member Contributions, as shown in (1) (for example, for the valuation date of 9/30/13: ($10,589,258- $2,591,066)/$8,666,490). Column C represents the percentage of amounts owed to Active Members covered by Reported Assets after accounting for the payment of amounts constituting Active Member Contributions, as shown in (1), and amounts owed to Retirants and their Beneficiaries, as shown in (2) (for example, for the valuation date of 9/30/15: ($10,589,258- $2,591,066)/$4,466,164).

Source: Actuarial Valuation for ERS as of 9/30/22.

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Table 39.
Judicial Retirement Fund
Solvency Test
2015-2022

(dollar amounts in thousands)

	Aggregate Accrued Liabilities for						
Valuation Date (September 30)	**(1) Active Member Contributions**	**(2) Retirants and Beneficiaries**	**(3) Active Members (Employer Financed Portion)**	**Reported Assets**	**Portion of Accrued Liabilities Covered by Reported Assets [(2)] A**	**B**	**C**
9/30/2022	$51,509	$357,653	$135,356	$334,668	100.0%	79.0%	0.0%
9/30/2021 [(1)]	47,304	343,885	108,727	333,779	100.0%	83.0%	0.0%
9/30/2020	43,899	338,492	99,472	318,673	100.0%	81.0%	0.0%
9/30/2019	40,993	338,734	96,102	310,689	100.0%	80.0%	0.0%
9/30/2018 [(1)]	48,609	296,550	112,675	305,397	100.0%	87.0%	0.0%
9/30/2017	44,792	296,231	107,423	293,090	100.0%	84.0%	0.0%
9/30/2016 [(1)]	45,900	280,836	120,184	279,807	100.0%	83.0%	0.0%
9/30/2015	42,745	272,624	112,222	267,414	100.0%	82.0%	0.0%

Note (1) Reflects changes in actuarial assumptions and methods.

Note (2) Column A represents the percentage of Active Member Contributions, as shown in (1), covered by the Reported Assets. Column B represents the percentage of the amounts owed to Retirants and their Beneficiaries covered by Reported Assets after accounting for the payment of amounts constituting Active Member Contributions, as shown in (1) (for example, for the valuation date of 9/30/15: ($267,414-$42,745)/$272,642). Column C represents the percentage of amounts owed to Active Members covered by Reported Assets after accounting for the payment of amounts constituting Active Member Contributions, as shown in (1), and amounts owed to Retirants and their Beneficiaries, as shown in (2) (for example, for the valuation date of 9/30/15: ($267,414-$42,745-$272,642)/$112,222).

Source: Actuarial Valuation for JRF as of 9/30/22.

Other Post Employment Benefits (OPEB)

The State Employees' Health Insurance Plan ("SEHIP") provides health insurance benefits for active and retired State employees, State Police and local participating entities and is governed by the SEHIP Board of Control (the "SEHIP Board"). The Public Education Employees' Health Insurance Plan ("PEEHIP") provides health insurance benefits for active and retired education employees and is governed by the PEEHIP Board of Control (the "PEEHIP Board"). Employees covered under these two plans who retire from active service and begin receiving monthly benefits from the Employees' System or from the Teachers' System may elect to continue coverage under the group insurance plan by consenting to have deducted from their monthly benefit payment the difference in the total cost of their insurance coverage and the portion authorized to be expended by the SEHIP or the PEEHIP for coverage of such retired employees.

The State established the Alabama Retired State Employees' Health Care Trust and the Alabama Retired Education Employees' Health Care Trust Fund for the purposes of accumulating assets to fund retiree and Other Post Employment Benefits ("OPEB"). The education employee trust is a multiple employer cost-sharing plan while the State employees' trust is a single employer plan.

The Code of Alabama (1975) authorizes the employer contributions to SEHIP and PEEHIP. The Legislature is not legally required to follow the recommendations of the actuaries or the Governor in determining the State's contribution to the plans. The Legislature sets the amounts employers pay on behalf of each active member in the annual appropriations bills. A portion of the premium is used to assist in funding retiree and dependents' benefits. The Fiscal year 2021 rates are $930 per active member per month for SEHIP and $800 per active member per month for PEEHIP.

PEEHIP received $15,380,000 and SEHIP received $6,971,447 from the State of Alabama through the Federal Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") in fiscal year 2021.

The following table lists the number of participants by status.

Table 40.
Number of Active and Retired Employees

As of September 30, 2023

	PEEHIP	SEHIP	Total
Active Members	133,377	29,612	162,989
Retired Members	96,520	21,726	118,246
Inactive Members[1]	7,007	1,334	8,341
Spouses/Survivors	2,367	1,787	4,154
Total	239,271	54,459	293,730

(1) Entitled to, but not yet receiving benefits.
Sources: GASB Statements No. 74 for PEEHIP and for SEHIP prepared as of September 30, 2023 using actuarial valuation date of September 30, 2022.

The cost of retired teachers' health care benefits is recognized as an expenditure to PEEHIP as claims are incurred. The cost of benefits is paid from the regular appropriations made to individual education entities. As of the latest GASB Statement No. 74, the total members including active and retirees numbered approximately 239,271.

The retired employee allocation is funded through the active employee premium. Of the active employee premium, approximately $88.40 was on behalf of retired members of PEEHIP for fiscal year 2023. Retirees who are eligible for Medicare benefits must pay $25.00 per month for the Hospital/Medical coverage while those who are not eligible for Medicare must pay $190.00 per month for the coverage. Additionally, premiums are paid for dependents. Retirees have the option to use this insurance to purchase two plans of insurance offered by PEEHIP with no out-of-pocket cost. Total premiums paid to PEEHIP by retirees for insurance coverage was $125,753,000 for fiscal year 2021 to cover themselves and their dependents. The State may also make additional contributions. No funds were contributed for the fiscal years 2009 through 2023.

In 2011, the Alabama Legislature signed into law Act No. 2011-704, which establishes changes to the retiree sliding scale premium calculation for PEEHIP members retiring on or after January 1, 2012. The law requires an employee who retires with less than 25 years of service to pay 4% of the employer share for each year under 25 years of service (years of service premium) instead of the 2% under the previous law. The law also requires an employee who retires before becoming eligible for Medicare to pay 1% of the employer share for each year less than age 65 (age premium) and to pay the net difference between the active employee subsidy and the non-Medicare eligible retiree subsidy (subsidy premium). The additional premium amounts for members retiring on or after January 1, 2012, was phased in over a five-year period. For 2012, the subsidy premium amount was $97.65 per month. For 2016, the subsidy premium amount was $147.52 per month. For 2017, the subsidy premium was $157.42 per month. For 2018, the subsidy premium amount was $172.81 per month. Once the retiree becomes eligible for Medicare, the age and subsidy premium will no longer apply. However, the years of service premium will continue to be in effect throughout retirement.

The State provides healthcare benefits for retired State employees through SEHIP. The cost of benefits is recognized as an expense in the month in which it is incurred, including an estimate of claims incurred but not reported. For retirees who retired prior to October 1, 2005, the State pays 100 percent of the premium for a retiree who is over 65 and eligible for Medicare. The State pays a portion of the premium for a retiree who is under 65. Under the SEHIP statute, the State contribution per month per retiree is funded on a pay-as-you-go basis through the active employee premiums each agency pays for its active employees. For retirees who retired after September 30, 2005 through December 31, 2011, the State went to a sliding scale premium structure based on the years of service. For employees retiring with 25 years of service, the State pays 100% of the State's share premium. For each year of service less than 25, the State share is reduced by 2% and the retiree share is increased accordingly. For each year of service more than 25, the State share is increased by 2% and the retiree share is reduced accordingly.

In 2011, the Alabama Legislature signed into law Act No. 2011-698, which is similar to the PEEHIP law, and states that all SEHIP participants retiring after December 31, 2011 will be subject to a sliding scale premium calculation based on years of creditable coverage in SEHIP. For each year of creditable coverage less than 25, the State share is reduced by 4% and the retiree share is increased accordingly. For each year of creditable coverage more than 25, the State share is still increased 2% and the retiree share is reduced accordingly. The law also states that employees retiring after December 31, 2011, will be subject to a sliding scale premium calculation based on the difference between the age of the employee at retirement and the Medicare entitlement age.

Cavanaugh Macdonald Consulting, LLC provides to the Alabama State Employees' Insurance Board and to the Alabama Public Education Employees' Health Insurance Board reports on the actuarial valuations of the retiree medical plans by fiscal year. The most recently available PEEHIP Actuarial Study and GASB Statement No. 74 are available at www.rsa-al.gov. The most recently available SEHIP Actuarial Study and GASB Statement No. 74 are available at www.alseib.org.

Actuarial Assumptions. The following methods and assumptions are the basis for the actuarial valuations of the related OPEB programs.

Table 41.
OPEB Assumptions

	PEEHIP	SEHIP
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level percent of pay, closed	Level of percent pay, open
Remaining Amortization Period	22 years, closed	30 years
Asset Valuation Method	Market Value of Assets	
Actuarial Assumptions:		
Investment Rate of Return	5.00%, including inflation	7.25%, including inflation
Medical Cost Trend Rate:		
Medicare Eligible	Note (1)	Note (2)
Pre-Medicare	6.75%	7.00%
Ultimate Trend Rate:		
Medicare Eligible	4.75% in 2024	4.50% in 2023
Pre-Medicare	4,75% in 2027	4.50% in 2023
Inflation Assumption	2.50%	2.50%
Year of Ultimate Trend Rate		
Pre-Medicare	2031	2033
Medicare Eligible	2027	2033
Dental Trend Rate	2.00%	4.50%
Vision Trend Rate	2.00%	4.50%

Note (1) Initial Medicare claims are set based on scheduled increases through plan year 2022.
Note (2) Initial Medicare claims are set based on scheduled increases through plan year 2024.
Sources: PEEHIP GASB Statement No. 75 and SEHIP GASB Statement No. 75 both prepared as of September 30, 2022 for financial reporting as of September 30, 2023.

In response to changes in GASB statements 43 and 45 and to recent actuarial valuations, the State pursued options to establish both a statutory trust fund and a constitutional trust fund for each health plan to fund its liabilities. The Director of Finance formed a committee from his senior staff to work with the insurance board staffs and outside legal counsel to draft a plan and legislation that was presented to and approved by the two boards and the Legislature (Act No. 2007-11). The legislation involved both a bridge trust fund and a constitutional trust fund for each health plan. All monies for funding this liability would initially be deposited into a bridge trust fund created by statute and later transferred into an irrevocable and permanent trust fund created by constitutional amendment. Each health board was given power and responsibility for managing its bridge and permanent funds.

Actuarial Valuations. The funded status of each plan (including non-State obligated) as of the latest actuarial valuations (September 30, 2022) is as follows.

Table 42.
Schedule of OPEB Funding Progress

(Dollar Amount in Thousands)

Actuarial Valuation Date (September 30)	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
Public Education Employees' Health Insurance Plan				
2022	$1,633,721	$4,540,864	$2,907,143	36.00%
2021	1,922,098	4,135,731	2,213,633	46.50%
2020	1,601,750	6,016,482	4,414,732	26.60%
2019	1,477,077	5,758,609	4,281,532	25.60%
2018	1,428,803	8,666,972	7,238,169	16.50%
2017	1,348,563	8,481,844	7,133,281	15.90%
2016	1,240,200	7,919,752	6,679,552	15.70%
2015	1,154,392	7,462,934	6,308,542	15.50%
2014	1,208,401	9,523,792	8,315,291	12.70%
2013	1,074,940	8,993,967	7,919,027	12.00%
State Employees' Health Insurance Plan				
2022	$211,805	$1,126,744	$914,939	18.80%
2021	248,143	1,141,159	893,015	21.74%
2020	205,730	1,601,590	855,860	19.38%
2019	190,855	1,547,639	1,356,784	12.33%
2018	184,178	1,547,765	1,363,587	11.90%
2017	168,278	2,430,351	2,262,073	6.92%
2016(1)	150,388	2,346,946	2,196,558	6.41%
2015	149,258	2,948,052	2,798,793	5.06%
2014	156,837	3,072,700	2,915,862	5.10%
2013	142,685	3,465,784	3,323,098	4.12%

Note (1) – Reflects the impact of the Medicare Advantage plan and five year experience study.
Sources - Actuarial Reports for PEEHIP and SEHIP as of September 30, 2022.

Sections 36-36-1 through 36-36-11 of the Code of Alabama (1975), authorize and direct the SEHIP Board and the PEEHIP Board to create irrevocable trusts for the purpose of holding, investing, and distributing assets to be used for certain post-employment health care benefits. Constitutional Amendment No. 798, which was ratified on June 5, 2007, further protects the trust funds and requires they be used exclusively for the purpose of providing health care benefits to retired State and education employees. The PEEHIP Board made transfers totaling $621 million into the Alabama Retired Education Employees' Health Care Trust Fund. The net assets of the trust fund at September 30, 2021, were $1,922.1 million. The SEHIP Board has made transfers of $96.75 million into the Alabama Retired State Employees' Health Care Trust Fund as of September 30, 2013. The fair market value of the trust fund at September 30, 2019 was $190.9 million. Because of the establishment of and deposits to the trust funds, the discount rate used beginning with the September 30, 2006 valuations was increased from 4% to 5%. The discount rate for both trust funds remains at 5%.

Unfunded Accrued Liability. The actuarially-determined total UAAL calculation of each plan (including non-State obligated) as of the latest actuarial valuation (September 30, 2023 is as follows.

Table 43.
OPEB Unfunded Actuarial Accrued Liability

As of latest actuarial valuation (September 30, 2023)

	Total
PEEHIP	$2,951,489,800
SEHIP	881,887,651
	$3,833,377,451

As of the latest actuarial valuation (September 30, 2023), the total OPEB-related UAAL was $3,833,377,451. A portion of such UAAL is attributed to local governments and other participants.

Annual Required Contribution. The State's annual OPEB expense is based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over thirty years. Significant assumptions used in the actuarial valuation are described above.

The actuarially determined total ARC calculation of each plan (including non-State obligated) as of the latest actuarial valuations (September 30, 2023) is as follows.

Table 44.
OPEB Annual Required Contribution
As of latest actuarial valuations (September 30, 2023)

	Total
PEEHIP	$260,056,409[1]
SEHIP	77,376,776[2]
	$337,433,185

(1) Contribution for FY 2024.
(2) Contribution for FY 2024.

As of the latest actuarial valuations (September 30, 2023), the total OPEB-related ARC obligation was $33,433,185. A portion of such required contribution is attributed to local governments and other participants.

Additional Information

Additional information respecting the Retirement Systems of Alabama, including Annual Reports and Annual Comprehensive Financial Reports, may be viewed and downloaded at the Retirement Systems website: http://www.rsa-al.gov.

LITIGATION

No litigation is pending or threatened to restrain or enjoin the authorization, sale or delivery of the Bonds. The Attorney General's Office has reviewed the status of pending lawsuits and reports that an adverse decision in any one of the pending cases would not expose the State to a loss contingency of $20,000,000 or more.

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

________ __, 2024

Alabama Public School and College Authority
Montgomery, Alabama

$__________
Alabama Public School and College Authority
Capital Improvement Pool Bonds
Series 2024-A

Ladies and Gentlemen:

We have acted as bond counsel to Alabama Public School and College Authority (the "Authority") in connection with the issuance by the Authority of its $__________ Capital Improvement Pool Bonds, Series 2024-A (the "Bonds"). We have examined certified copies of proceedings and other documents showing the organization of the Authority under the laws of the State of Alabama, together with copies of proceedings of the Authority and other documents submitted to us pertaining to the issuance and validity of the Bonds. The statements hereinafter made and the opinions hereinafter expressed are based upon our examination of the aforesaid proceedings and documents. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Capitalized terms used but not defined herein shall have the meanings set forth in the resolution adopted by the Authority authorizing the issuance of the Bonds (the "Bond Resolution").

The documents submitted to us show as follows:

(a) The Authority is a public corporation organized under the laws of the State of Alabama, including particularly Act No. 243 enacted at the 1965 First Special Session of the Legislature of Alabama, codified as Chapter 16 of Title 16 of the Code of Alabama (1975), as amended.

(b) The Bonds are issued pursuant to the authorization contained in the Authorizing Acts and the Bond Resolution.

(c) Under the Bond Resolution, the Authority has pledged certain revenues (the "Pledged Revenues") for the payment of principal of, premium (if any) and interest on the Bonds when due.

On the basis of the foregoing and subject to the assumptions, qualifications, limitations and exceptions stated herein, we are of the opinion, under existing law, that:

1. The Authority is a validly existing public corporation pursuant to and under the laws of the State of Alabama and has corporate power to adopt the Bond Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Bonds have been duly authorized and executed by the Authority and are valid and binding limited obligations of the Authority, payable solely from the sources provided therefor in the Bond Resolution.

3. The Bond Resolution has been duly adopted by the Authority and constitutes a valid and binding obligation of the Authority.

4. The Bond Resolution creates a valid lien on the Pledged Revenues for the security of the Bonds, pro rata one with the other, subject to certain prior pledges of the Pledged Revenues that secure the payment of certain other outstanding obligations of the Authority.

5. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the Authority complies with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding other federal income tax consequences relating to the Bonds.

6. Interest on the Bonds is exempt from State of Alabama income taxation.

The opinions hereinabove expressed respecting the Bonds, the Bond Resolution and the pledge of the Pledged Revenues to secure the payment of the Bonds are subject to all applicable bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights (including specifically, but without limitation, the provisions of Chapter 9 of the United States Bankruptcy Code, as amended, relating to the adjustment of debts of political subdivisions and public agencies and instrumentalities of the several states), sovereign immunity, the application of equitable principles, and the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Bond Resolution or the Bonds. We undertake no responsibility for the accuracy, adequacy, completeness or fairness of the Official Statement relating to the Bonds and express no opinion herein with respect thereto.

The opinions expressed herein are limited to the application of the laws of the State of Alabama and the federal laws of the United States of America, and do not extend to any laws of any other state or nation.

The opinions herein expressed are (a) limited to matters stated herein and no opinion may be inferred or implied beyond the matters expressly stated, (b) given for your use and benefit only and may not be relied upon by any other parties or in any other opinion of any other parties, including any counsel or accountant of any other parties, without our prior written consent, (c) given as of the date hereof and only with respect to the particular transaction described in this opinion and no other and (d) given with the express understanding that we have no obligation to advise you of changes in law or fact even though such changes may affect the opinions expressed herein.

Yours very truly,

APPENDIX C

NOTICE OF SALE

NOTICE OF SALE

ALABAMA PUBLIC SCHOOL AND COLLEGE AUTHORITY

$32,855,000*
Capital Improvement Pool Bonds
Series 2024-A
Dated as of the Date of Initial Delivery

ALABAMA PUBLIC SCHOOL AND COLLEGE AUTHORITY (the "Authority"), a public corporation of the State of Alabama, invites bids for the purchase of its $32,855,000* Capital Improvement Pool Bonds, Series 2024-A (the "Bonds"). Bids will be received electronically (as described in further detail below) by the Authority via BiDCOMP/PARITY® at or before the date (the "Bid Date") and time specified below:

Bid Date and Time: September 10, 2024
9:30 a.m., Central Time

Dates and Places of Payment

The Bonds will be issued in fully registered form in the denomination of $5,000 each or any integral multiple thereof and will be dated the date of their delivery (expected to be September 26, 2024). Interest on the Bonds will be payable on March 1, 2025, and semiannually thereafter on March 1 and September 1 of each year. The principal of the Bonds will be payable at the office of the State Treasurer in Montgomery, Alabama on the dates shown herein.

Book-Entry Form Only

The Bonds, when issued, will be issued in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form, in denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interests in the Bonds. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payment of principal and interest will be made directly to DTC or such nominee. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of Direct Participants and Indirect Participants of DTC.

* Preliminary; subject to change.

Principal Amortization

The Bonds will be subject to principal amortization either through serial maturities or mandatory redemptions on the following dates in the following amounts:

Year (September 1)	Principal Amount*
2025	$1,100,000
2026	1,040,000
2027	1,090,000
2028	1,145,000
2029	1,205,000
2030	1,265,000
2031	1,325,000
2032	1,395,000
2033	1,465,000
2034	1,535,000
2035	1,615,000
2036	1,695,000
2037	1,780,000
2038	1,865,000
2039	1,960,000
2040	2,060,000
2041	2,160,000
2042	2,270,000
2043	2,385,000
2044	2,500,000

Reservation of Right to Change Annual Principal Amounts

The principal amortization schedule above may be changed by the Authority prior to the time bids are to be received (such principal amortization schedule, as adjusted (if applicable), is herein referred to as the "Initial Amounts"), and such changes, if any, will be communicated by Bloomberg L.P., IPREO, and/or TM3 (www.TM3.com) not later than 3:00 p.m., Central Time, on September 9, 2024. Bidders shall submit bids based on the Initial Amounts, and the Initial Amounts will be used to compare bids and select a winning bidder. Bidders may not adjust principal amounts or maturity dates except to combine two or more consecutive annual principal amounts into one or more term bonds as described below.

After selecting the winning bid, the Authority will determine the final aggregate principal amount of the Bonds and each final annual principal amount (the "Final Aggregate Principal Amount" and the "Final Annual Principal Amounts," respectively; collectively, the "Final Amounts"). In determining the Final Amounts, the Authority will not increase or reduce any

* Preliminary, subject to change.

annual principal amount by more than 25% of such Initial Amount, and will not increase or reduce the total aggregate principal amount of the Bonds by more than 15% of the aggregate Initial Amounts. ANY DETERMINATION BY THE AUTHORITY OF THE FINAL ANNUAL PRINCIPAL AMOUNTS WITHIN THESE PARAMETERS SHALL BE BINDING UPON THE SUCCESSFUL BIDDER. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL OFFERING PRICES TO THE PUBLIC AS A RESULT OF ANY CHANGES MADE TO THE INITIAL AMOUNTS WITHIN THESE LIMITS.

The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments from the Initial Amounts to the Final Amounts. Such adjusted bid price ("Adjusted Bid Price") will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the underwriter's discount per $1,000 of par amount of bonds from the underwriter's discount which would have been received based on the purchase price in the winning bid and the initial offering prices to the public. The Final Amounts and the Adjusted Bid Price will be communicated to the successful bidder within three hours of the time established for receipt of bids; although the official award of the Bonds shall be subject to the approval and acceptance by the Authority as described herein under the heading "Award."

Serial Bonds and/or Term Bonds

Bidders may provide that the Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts, maturing on or after September 1, 2035, be combined into one or more term bonds.

Term Bond Mandatory Redemption

If the successful bidder designates consecutive annual principal amounts to be combined into one or more term bonds, each such term bond shall be subject to mandatory redemption commencing on the September 1 of the first year which has been combined to form such term bond and continuing on September 1 in each year thereafter until the stated maturity date of that term bond, on which date the remaining balance thereof shall be payable. The amount of any term bond to be redeemed or paid in any year shall be equal to the principal amount specified for such year as set forth in the table above under the caption "Principal Amortization" as adjusted as provided herein. Bonds to be redeemed in any year by mandatory redemption shall be redeemed at par and shall be selected by lot from among the term bonds then subject to redemption. See "THE BONDS – Redemption Provisions" in the Preliminary Official Statement of which this Notice of Sale is a part for a description of the manner in which term bonds redeemed pursuant to optional or mandatory non-origination redemption may be credited against the term bond mandatory redemption requirements.

Optional Redemption

Those of the Bonds having stated maturities on September 1, 2035, and thereafter, may be redeemed at the option of the Authority, in whole or in part, and if in part those to be redeemed to be selected by the Authority at its discretion, on any date on or after September 1, 2034 at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the redemption date. If less than all Bonds with the same maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by the paying agent by lot or by such other method as the Paying Agent shall deem fair and appropriate.

Mandatory Non-Origination Redemption

The Bonds are subject to extraordinary mandatory redemption, by the Authority, upon the advice of nationally recognized bond counsel, (1) at any time during the 90-day period following September 26, 2025, and (2) at any time during the 90-day period following, September 26, 2027, in whole or in part, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, to the extent such redemption is required to comply with the Tax Increase Prevention and Reconciliation Act of 2005 (the "2005 Act"). The 2005 Act requires the Authority to redeem Bonds if the amount of net proceeds used to make loans to ultimate borrowers as of certain dates is less than the requirements of the Act. Specifically, the 2005 Act requires that at least thirty percent (30%) of the net proceeds of the Bonds be used to make loans as of the close of the one-year period beginning on the date of issuance of the Bonds and that at least ninety-five percent (95%) of the net proceeds of the Bonds be used to make loans as of the close of the three-year period beginning on the date of issuance of the Bonds. If, as of such dates, the amount of net proceeds used to make loans is less than the required percentage, the Authority is required to redeem Bonds in an amount equal to the difference between the amount of net proceeds required to be used under the 2005 Act as of such date and the amount of net proceeds actually used to make loans.

Purpose

The Bonds are being issued for the purpose of making loans to local boards of education in order to finance capital improvements approved by the Authority and the State Superintendent of Education and to pay the costs of issuing the Bonds.

Security

The Bonds will not constitute general obligations of the Authority, nor will the Bonds constitute a charge against the general credit or taxing power of the State of Alabama. The Bonds will be special, limited obligations of the Authority payable solely out of and secured by a pledge of the proceeds of certain taxes levied by the State of Alabama, more particularly described in the Preliminary Official Statement of which this Notice of Sale is a part, subject and subordinate to the pledge thereof in favor of certain prior lien bonds heretofore issued by the Authority, which are more particularly described in the Preliminary Official Statement.

Bidding Conditions

Bidders must bid to purchase all and not part of the Bonds and must submit their bids electronically via BiDCOMP/PARITY®, as hereinafter described. Bidders must specify a rate of interest for each maturity of the Bonds and no zero rate of interest may be specified. The rates of interest must be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%). All Bonds of the same maturity must bear the same rate of interest. Bidders may bid to purchase the Bonds from the Authority at a discount or at a premium; provided that:

(i) no bid will be considered to purchase the Bonds if, for any maturity of the Bonds, the bid is at a price less than 98% of the principal amount of such maturity; and

(ii) no bid will be considered for the purchase of the Bonds if the purchase price bid is less than 99% of the aggregate par amount thereof.

Due to adjustments made after the bids are received, the Adjusted Bid Price may be less than 99% of the Final Aggregate Principal Amount.

Form of Bid

A bid for the purchase of the Bonds must be submitted electronically via BiDCOMP/PARITY® pursuant to this Notice of Sale, by 9:30 a.m., Central Time, on September 10, 2024, and no bid will be received after such specified time. To the extent any instructions or directions set forth in BidCOMP/PARITY® conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about BiDCOMP/PARITY®, potential bidders may contact PFM Financial Advisors LLC, Huntsville, Alabama, financial advisor to the Authority, at (256) 419-2911, or BiDCOMP/PARITY® at (212) 849-5023.

Every bid must be unconditional and irrevocable and in accordance with the terms and conditions set forth in this Notice of Sale.

Disclaimer

Each bidder shall be solely responsible for making the necessary arrangements to access the BidCOMP/PARITY® system for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Authority nor BidCOMP/PARITY® shall have any duty or obligation to provide or assure such access to any bidder, and neither the Authority nor BidCOMP/PARITY® shall be responsible for the proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, the BidCOMP/PARITY® system. The Authority is authorizing the use of BidCOMP/PARITY® as a communication mechanism to conduct electronic bidding for the Bonds and such system is not an agent of the Authority. The Authority is not bound by any advice and determination of BidCOMP/PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the specifications set forth in "Bidding Conditions" and "Award" herein. All costs and expenses incurred by bidders in connection with their registration via BidCOMP/PARITY® are the sole responsibility of such bidders.

Award

The Bonds will be awarded to the bidder submitting a bid in conformance with this Notice of Sale that produces the lowest true interest cost (TIC) to the Authority. The true interest cost (expressed as an annual interest rate) will be the rate necessary, when using a 360-day year and semiannual compounding, to discount the debt service payments from the payment dates to the dated date of the Bonds and to the price bid. If two or more conforming bids resulting in identical amounts for the lowest TIC are received, the Authority will determine which bid, if any, will be accepted, and its determination is final.

If satisfactory bids are received for the Bonds, the bidder submitting the qualifying bid resulting in the lowest true interest cost for the Bonds will be advised by 10:30 a.m., Central Time, on the Bid Date that it is the apparent successful bidder, and the official award will be communicated to the successful bidder in writing by 2:00 p.m., Central Time, on the Bid Date. The written bid award will reflect whether the competitive sale requirements have been satisfied, and, if not, will contain representations by the successful bidder as to which maturities satisfy the 10% Test and which maturities are subject to the hold-the-offering-price rule.

Diversity

It is the intent of the State that appropriate consideration be given to firms which reflect the racial and ethnic diversity of the State. The Authority requests and strongly urges bidders to include such firms in their management group or syndicate. The Authority reserves the right to request a report of the winning bidder showing the members of its management group and selling group.

Delivery and Payment

Delivery of the Bonds is expected to occur on September 26, 2024 (the "Closing Date"). The Bonds will be delivered through DTC in New York, New York. The successful bidder shall pay for such Bonds on the date of delivery in immediately available federal funds. Any expense of providing federal funds shall be borne by the successful bidder. Payment on the delivery date shall be made in an amount equal to the Adjusted Bid Price (i.e., the purchase price).

Right to Reject Bids; Waive Irregularities

The Authority reserves the right to reject any and all bids and to waive any irregularity or informality in any bid.

Bond Insurance

The successful bidder may purchase municipal bond insurance, if available, for some or all of the Bonds. However, the delivery of the Bonds shall not be conditioned upon the issuance of any such insurance policy. Payment of any insurance premium and satisfaction of any conditions to the issuance of a municipal bond insurance policy, including payment for any legal opinion to be delivered to any insurer, shall be the sole responsibility of the bidder. In particular, the Authority shall have no obligation to enter into any additional agreements with respect to the provision of any such insurance. FAILURE OF AN INSURANCE PROVIDER TO ISSUE A POLICY OF MUNICIPAL BOND INSURANCE SHALL NOT JUSTIFY FAILURE OR REFUSAL BY THE SUCCESSFUL BIDDER TO ACCEPT DELIVERY OF, OR PAY FOR, THE BONDS, OR ANY PORTION THEREOF. The winning bidder must notify the Authority within 15 minutes of being notified that it is the apparent winning bidder if it wants information regarding municipal bond insurance it has purchased for the Bonds to be included in the final Official Statement.

If the successful bidder obtains a municipal bond insurance policy for the Bonds in connection with their original issuance, the successful bidder will be required, as a condition to delivery of the Bonds, to certify whether the premium therefore representing the transfer of credit risk will be less than the present value of the interest expected to be saved as a result of such insurance. The form of acceptable certificate will be provided by Bond Counsel.

Undertakings of the Successful Bidder

The successful bidder shall, within 30 minutes after being notified that such bidder's bid is the apparent winning bid, advise the Authority of the initial offering prices of the Bonds to the public. By submitting a bid, the successful bidder represents that it (together with any other underwriters in the underwriting syndicate) has offered or will offer the Bonds to the public on or before the date of award at such initial offering prices.

The successful bidder shall assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority on or prior to the Closing Date an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the applicable form attached hereto as Exhibit 1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Authority and Bond Counsel. All actions to be taken by the Authority under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Authority by the Authority's financial advisor (PFM Financial Advisors LLC).

The Authority expects that the competitive sale requirements ("competitive sale requirements") set forth in Treasury Regulation § l.148-l(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the sale of the Bonds because:

(1) the Authority has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders will have an equal opportunity to bid;

(3) the Authority may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the Authority anticipates awarding the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds. By submitting a bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds and that it will be an "underwriter" (as defined below) that intends to reoffer the Bonds to the public.

In the event that the competitive sale requirements are not satisfied, the Authority shall so advise the successful bidder on the Bid Date prior to the award of the Bonds. The successful bidder shall advise the Authority which maturities, if any, of the Bonds satisfy the 10% test as of the date and time of the award of the Bonds, and the successful bidder shall be subject to the "hold-the-offering-price rule" for all other maturities. As used herein, "10% test" means the first price at which at least 10% of a maturity of the Bonds is sold to the public.

For those maturities of the Bonds that do not satisfy to 10% test (the "hold-the-offering-price maturities"), the successful bidder will be required to follow hold-the-offering-price rule and to provide certification, together with appropriate supporting documents, to the Authority that the hold-the-offering-price rule has been followed. For the hold-the-offering-price maturities, the successful bidder shall agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any hold-the-offering-price maturity to any person at a price that is higher than the initial offering price to the public for such maturity during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth business day after the sale date; or

(ii) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public (the provisions of this sentence being the "hold-the-offering-price rule").

For each hold-the-offering-price maturity, the successful bidder shall promptly advise the Authority when the underwriters have sold 10% of that maturity to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth business day after the sale date.

If the competitive sale requirements are not met, by submitting a bid each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder and any other underwriter is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter in the syndicate with the bidder, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each hold-the-offering-price maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of such hold-the-offering-price maturity or all Bonds of that hold-the-offering-price maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each hold-the-offering-price maturity allotted to it until it is notified by the successful bidder or such underwriter that either the l0% test has been satisfied as to the Bonds of that hold-the-offering-price maturity or all Bonds of that hold-the-offering-price maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party,

(ii) "related party" for this purpose generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly,

(iii) "sale date" means the date that the Bonds are awarded by the Authority to the successful bidder, and

(iv) "underwriter" means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public).

The Authority acknowledges that, in making the representations set forth above, the successful bidder may rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the

Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Authority further acknowledges that each underwriter comprising a syndicate with the bidder shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no such underwriter shall be liable for the failure of any other such underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

Bids will not be subject to cancellation in the event the competitive sale requirements are not met. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the 10% test or the hold-the-offering-price rule in order to establish the issue price of the Bonds.

Continuing Disclosure

In order to assist bidders in complying with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, the Authority will undertake, pursuant to an agreement of the Authority entered into in connection with the issuance of the Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement of the Authority respecting the Bonds and will also be set forth in the final Official Statement with respect thereto.

Legal Opinions and Closing Certificates

The Bonds will be sold subject to the approving opinion of Balch & Bingham LLP, Bond Counsel to the Authority.

It shall be a condition of the obligation of a purchaser to accept delivery of and to pay for the Bonds that, contemporaneously with such delivery and payment, there shall be furnished to the successful bidder, without expense to it, the opinion of Bond Counsel and standard closing and delivery papers, including (i) a customary no-litigation certificate; (ii) a certificate of an authorized officer of the Authority to the effect that, to the best knowledge of such officer, the Preliminary Official Statement used in connection with the Bonds did not on the Bid Date, and the final Official Statement does not on the date of delivery the Bonds: (a) contain any untrue statement of a material fact; or (b) omit to state a material fact necessary in order to make the statements therein contained, in light of the circumstances under which they were made, not misleading; (iii) a certificate of the Authority stating that, on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds; (iv) a letter from Bond Counsel to the effect that nothing has come to such counsel's attention that would lead such counsel to believe that the Official Statement (excluding any information relating to financial or statistical data or DTC contained in the Official Statement, including the appendices thereto, as to which no view will be expressed) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Engagement of Bond Counsel

Balch & Bingham LLP is serving as Bond Counsel to the Authority in connection with the issuance and sale of the Bonds. By placing a bid, each bidder represents that it understands that Balch & Bingham LLP, in its capacity as Bond Counsel, represents the Authority in connection with the sale and issuance of the Bonds.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute a cause for a failure or refusal by the purchaser thereof to accept delivery of or pay for the Bonds. All expenses pertaining to the printing of CUSIP numbers on the Bonds will be paid for by the Authority. The CUSIP Service Bureau charge for the assignment of said numbers shall be paid for by the successful bidder. PFM Financial Advisors LLC will request the assignment of CUSIP numbers no later than one business day after dissemination of this Notice of Sale in accordance with MSRB Rule G-34.

Official Statement

A Preliminary Official Statement dated September __, 2024, has been "deemed final" by the Authority for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, although subject to revision, amendment and completion in a final Official Statement in conformance with such rule. The Authority will provide the successful bidder with an electronic copy and such reasonable number of printed copies of the final Official Statement as such bidder may request, no later than seven business days after the day such Bonds are awarded. Up to one hundred (100) copies of the final Official Statement will be furnished without cost to the successful bidder and further copies, if desired, will be made available at the successful bidder's expense.

Right to Modify or Amend

The Authority reserves the right to modify or amend this Notice of Sale; however, such modifications or amendments shall be made not later than 3:00 p.m., Central Time, on the last business day prior to the bid opening and communicated through Thomson Financial (TM3), www.TM3.com, IPREO and/or Bloomberg News.

Postponement

The Authority reserves the right to postpone, from time to time, the date established for the receipt of bids for the Bonds. Any such postponement will be announced by Thomson Financial (TM3), www.TM3.com, IPREO and/or Bloomberg News, not later than 3:00 p.m., Central Time, on the last business day prior to any announced date for receipt of bids.

Additional Information

Copies of the Notice of Sale and the Preliminary Official Statement will be furnished to any potential bidder upon request made to the financial advisor to the Authority, PFM Financial Advisors LLC, 116 Jefferson Street South, Suite 301, Huntsville, AL 35801 (phone: (256) 419-2911 or email: LewisM@pfm.com).

ALABAMA PUBLIC SCHOOL AND COLLEGE AUTHORITY

By: /s/ Bill Poole

Its Secretary

Dated: September 3, 2024

Exhibit 1

Form of Issue Price Certificate

$__________
ALABAMA PUBLIC SCHOOL AND COLLEGE AUTHORITY
CAPITAL IMPROVEMENT POOL BONDS
SERIES 2024-A

The undersigned, on behalf of [NAME OF UNDERWRITER] (the "Purchaser"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") by Alabama Public School and College Authority (the "Issuer"). The Bonds were sold to the Purchaser pursuant to a competitive sale on the Sale Date.

[Competitive Sale Requirements Met]

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices set forth in the Bid Award, a copy of which is attached as Exhibit A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as Exhibit B is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) "Bid Award" means the certificate executed by the Issuer and the Purchaser on the Sale Date pursuant to which the Issuer awarded the Bonds to the Purchaser.

(b) "Maturity" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "Sale Date" means the date on which the Bonds are awarded by the Issuer to the Purchaser. The Sale Date of the Bonds is [DATE].

(e) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and Agreement dated [ISSUE DATE] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Balch & Bingham LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: [ISSUE DATE].

[PURCHASER]

By:____________________________________

Title:__________________________________

Exhibit A

Copy of Bid Award

Exhibit B

Copy of Winning Bid

[Competitive Sale Requirements Not Met - General Rule to Apply (to those maturities for which 10% were sold on the Sale Date) /Hold-The-Offering-Price Rule to apply (to those maturities for which 10% were NOT sold on the Sale Date]

1. Offering at the Initial Offering Prices. The Purchaser offered the Bonds to the Public for purchase at the initial offering prices (the "Initial Offering Prices") identified in the Bid Award, a copy of which is attached to this certificate as ***Exhibit A***, on or before the Sale Date.

2. Pricing Wire. Attached to this certificate as ***Exhibit B*** is the pricing wire or equivalent communication for the Bonds. The offering prices in the pricing wire are the same as the Initial Offering Prices identified in the Bid Award.

3. Sale of General Rule Maturities. As of the Sale Date, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in the Bid Award. The Bid Award correctly identifies each Maturity of the General Rule Maturities.

4. Sale of Hold-the-Offering Price Maturities. The Bid Award correctly identifies each Hold-the-Offering-Price Maturity as of the Sale Date. As set forth in the Notice of Sale and Bid Award, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Hold-the-Offering-Price Maturity at a price that is higher than the respective Initial Offering Price for that Hold-the-Offering-Price Maturity during the Holding Period.

5. Defined Terms.

(a) "Bid Award" means the certificate executed by the Issuer and the Purchaser on the Sale Date pursuant to which the Issuer awarded the Bonds to the Purchaser.

(b) "General Rule Maturities" means those Maturities of the Bonds identified in the Bid Award as the "General Rule Maturities" for which the 10% Test was satisfied as of the Sale Date.

(c) "Hold-the-Offering-Price Maturities" means those Maturities of the Bonds identified in the Bid Award as the "Hold-the-Offering-Price Maturities" for which the 10% Test was not satisfied as of the Sale Date.

(d) "Holding Period" means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(e) "Maturity" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) "Sale Date" means the date that the Bonds are awarded by the Issuer to Purchaser pursuant to the Bid Award. The Sale Date of the Bonds is [DATE].

(h) "10% Test," when used with respect to any Maturity of the Bonds, means that the first price at which at least 10% of such Maturity was sold to the Public.

(h) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and Agreement dated [ISSUE DATE] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Balch & Bingham LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.
Dated: [ISSUE DATE].

[UNDERWRITER]

By:___________________________________

Title:_________________________________

Exhibit A

Bid Award

Exhibit B

Pricing Wire