

1 SB470
2 139638-1
3 By Senators Orr, Holtzclaw, and Scofield
4 RFD: Finance and Taxation General Fund
5 First Read: 05-APR-12

2
3
4
5
6
7
8 SYNOPSIS: Existing law provides for the creation of
9 tax increment districts by counties and
10 municipalities as a means of developing blighted
11 and economically distressed areas. Existing law
12 provides that development projects that locate in
13 the district receive certain tax incentives.

14 This bill would authorize a Class 3
15 municipality to designate certain real property as
16 a Major 21st Century Manufacturing Zone. This bill
17 would provide requirements to qualify as a zone and
18 provide that projects within the zone would make
19 tax increment payments for purposes of repaying tax
20 incentives.

21 This bill would provide that property within
22 the zone would be developed for certain
23 manufacturing purposes and would provide incentive
24 for certain manufacturing projects that commit to
25 develop or expand within the zone.

26
27 A BILL

1 TO BE ENTITLED

2 AN ACT

3
4 To provide for the designation by Class 3
5 municipalities of large contiguous tracts of underutilized
6 real property as Major 21st Century Manufacturing Zones for
7 certain manufacturing purposes; to provide capital,
8 infrastructure improvements, capital improvements to existing
9 facilities, and construction development of buildings and
10 structures suitable for use as part of or in connection with
11 certain manufacturing activities within the zone and in
12 certain appurtenant areas; to provide a method for the funding
13 of all or a portion of costs through tax increment financing
14 by cities and counties; and to amend Sections 11-99-1,
15 11-99-2, 11-99-4, 11-99-5, 11-99-6, 11-99-8, and 11-99-10,
16 Code of Alabama 1975, to authorize the provision of capital,
17 public infrastructure improvements, and capital improvements
18 to existing facilities; to authorize the provision of
19 buildings and structures.

20 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

21 Section 1. This act shall be known and may be cited
22 as the Major 21st Century Manufacturing Zone Act of 2012.

23 Section 2. The Legislature makes the following
24 findings:

25 (1) It is in the best interest of the state to
26 ensure the location and expansion of automotive,
27 automotive-industry related, aviation, aviation-industry

1 related, medical, pharmaceutical, semiconductor, computer,
2 electronics, energy conservation, cyber technology, and
3 biomedical industry manufacturing facilities in this state.

4 (2) The presence and expansion of automotive,
5 automotive-industry related, aviation, aviation-industry
6 related, medical, pharmaceutical, semiconductor, computer,
7 electronics, energy conservation, cyber technology, and
8 biomedical industry manufacturing facilities in this state is
9 of substantial benefit to and enhances the public welfare of
10 the state by, among other things, promoting local economic
11 development and the stimulus of local economies, increasing
12 skilled job opportunities, creating additional tax revenues,
13 and enhancing the public's overall quality of life.

14 (3) The growth and enhanced prosperity of
15 municipalities and counties of the state, as well as of the
16 state at large, as a result of the presence and expansion of
17 automotive, automotive-industry related, aviation,
18 aviation-industry related, medical, pharmaceutical,
19 semiconductor, computer, electronics, energy conservation,
20 cyber technology, and biomedical industry manufacturing
21 facilities in this state often requires the infusion of
22 capital, improved, and expanded public infrastructure
23 dedicated to such facilities, and the provision, for the
24 benefit thereof, of capital improvements to existing
25 facilities as well as the provision of buildings and
26 structures suitable for use as part of or in connection with
27 automotive, automotive-industry related, aviation,

1 aviation-industry related, medical, pharmaceutical,
2 semiconductor, computer, electronics, energy conservation,
3 cyber technology, and biomedical industry manufacturing
4 facilities.

5 (4) The provision of such capital, public
6 infrastructure improvements, and capital improvements
7 constitutes an important public purpose vital to the welfare
8 and prosperity of the citizens of this state.

9 Section 3. Sections 11-99-1, 11-99-2, 11-99-4,
10 11-99-5, 11-99-6, 11-99-8, and 11-99-10, Code of Alabama 1975,
11 are amended to read as follows:

12 "§11-99-1.

13 "(a) It is hereby found and declared that there
14 exist in municipalities and counties of the state blighted or
15 economically distressed areas which constitute a serious and
16 growing problem, injurious to the public health, safety,
17 morals, and welfare of the residents of the state; that the
18 existence of such areas contributes substantially and
19 increasingly to the spread of disease and crime, constitutes
20 an economic and social liability imposing onerous burdens
21 which decrease the tax base and reduce tax revenues,
22 substantially impairs or arrests sound growth, retards the
23 provision of housing accommodations, aggravates traffic
24 problems, and substantially hampers the elimination of traffic
25 hazards and the improvement of traffic facilities; and that
26 the prevention and elimination of slums and blighted areas and
27 economically distressed areas is a matter of state policy and

1 state concern in order that the state and its municipalities
2 and counties shall not continue to be endangered by areas
3 which are focal centers of disease, promote juvenile
4 delinquency, and consume an excessive proportion of public
5 revenues because of the extra services required for police,
6 fire, accident, hospitalization, and other forms of public
7 protection, services, and facilities.

8 "(b) It is further found and declared that certain
9 blighted and economically distressed areas or portions thereof
10 may require acquisition, clearance, and disposition subject to
11 use restrictions, as provided in this chapter, since the
12 prevailing condition of blight and economic distress may make
13 impracticable the reclamation of the area by conservation or
14 rehabilitation; that other areas or portions thereof may,
15 through the means provided in this chapter, be susceptible of
16 conservation or rehabilitation in such a manner that the
17 conditions and evils enumerated may be eliminated, remedied,
18 or prevented; and that salvageable blighted and economically
19 distressed areas can be conserved and rehabilitated through
20 appropriate public action as herein authorized and the
21 cooperation and voluntary action of the owners and tenants of
22 property in such areas.

23 "(c) It is further found and declared that there
24 exist in municipalities and counties of the state
25 underutilized real and personal property in enhanced use lease
26 areas which, when leased by a secretary of a military
27 department for cash or in-kind consideration, enhances the

1 public benefit and welfare by, among other things, promoting
2 local economic development and the stimulation of the local
3 economy, increasing job opportunities, creating additional tax
4 revenues, and enhancing the public's overall quality of life.

5 "(d) It is further found and declared that there
6 exist in municipalities and counties of the state
7 underutilized large tracts of real property suitable for the
8 location of automotive, automotive-industry related, aviation,
9 aviation-industry related, medical, pharmaceutical,
10 semiconductor, computer, electronics, energy conservation,
11 cyber technology, and biomedical industry manufacturing
12 facilities which, when serving as the site therefor, enhances
13 the public benefit and welfare by, among other things,
14 facilitating the creation of skilled manufacturing jobs,
15 promoting local economic development and the stimulation of
16 the local economy, creating additional tax revenues, and
17 enhancing the public's overall quality of life.

18 "~~(d)~~(e) It is further found and declared that the
19 powers conferred by this chapter are for public and, in the
20 case of automotive, automotive-industry related, aviation,
21 aviation-industry related, medical, pharmaceutical,
22 semiconductor, computer, electronics, energy conservation,
23 cyber technology, and biomedical industry manufacturing
24 facilities, private uses and purposes imbued with a public
25 interest and for which public money may be expended, either
26 directly or indirectly, in the case of automotive,
27 automotive-industry related, aviation, aviation-industry

1 related, medical, pharmaceutical, semiconductor, computer,
2 electronics, energy conservation, cyber technology, and
3 biomedical industry manufacturing facilities, and the power of
4 eminent domain and police power exercised, and the necessity
5 in the public interest for the provisions herein enacted is
6 hereby declared as a matter of legislative determination.

7 "§11-99-2.

8 "As used in this chapter:

9 "(1) BLIGHTED OR ECONOMICALLY DISTRESSED AREA:

10 "a. An area in which the structures, buildings, or
11 improvements, by reason of dilapidation, deterioration, age,
12 or obsolescence, inadequate provision for ventilation, light,
13 air, sanitation, or open spaces, high density of population
14 and overcrowding, or the existence of conditions which
15 endanger life or property by fire and other causes, or any
16 combination of such factors, are conducive to ill health,
17 transmission of disease, infant mortality, juvenile
18 delinquency, or crime, and are detrimental to the public
19 health, safety, morals, or welfare, or

20 "b. Any area which by reason of the presence of a
21 substantial number of substandard, slum, deteriorated, or
22 deteriorating structures, predominance of defective or
23 inadequate street layout, faulty lot layout in relation to
24 size, adequacy, accessibility, or usefulness, unsanitary or
25 unsafe conditions, deterioration of site or other
26 improvements, diversity of ownership, tax or special
27 assessment delinquencies exceeding the fair value of the land,

1 defective or unusual conditions of title, or the existence of
2 conditions which endanger life or property by fire and other
3 causes, or any combination of the foregoing, substantially
4 impairs or arrests the sound economic growth of an area,
5 retards the provision of housing accommodations, or
6 constitutes an economic or social liability and is a detriment
7 to the public health, safety, morals, or welfare in its
8 present condition and use, or

9 "c. Any area which is predominantly open and which
10 because of obsolete platting, diversity of ownership,
11 deterioration of structures or of site improvements, or
12 otherwise, substantially impairs or arrests the sound economic
13 growth of an area, or

14 "d. Any area which the local governing body
15 certifies is in need of redevelopment or rehabilitation as a
16 result of flood, fire, hurricane, tornado, earthquake, storm,
17 or other catastrophe respecting which the Governor of the
18 state has certified the need for disaster assistance under
19 federal law, or

20 "e. Any area containing excessive vacant land on
21 which structures were previously located, or on which are
22 located abandoned or vacant buildings or old buildings, or
23 where excessive vacancies exist in existing buildings, or
24 which contains substandard structures, or with respect to
25 which there exist delinquencies in payment of real property
26 taxes.

1 "(2) DEFERRED TAX RECIPIENT. Each taxing authority
2 which receives ad valorem taxes with respect to property
3 located in a proposed tax increment district.

4 "(3) ENHANCED USE LEASE AREA. Any area of a military
5 installation which contains underutilized real or personal
6 property, or both, that is leased by a secretary of a military
7 department to a lessee pursuant to the authority provided in
8 Title 10 U.S.C. §2667.

9 "(4) LOCAL FINANCE OFFICER. The legally authorized
10 officer or agent responsible for receipt and disbursement of
11 the revenues of a taxing authority.

12 "(5) LOCAL GOVERNING BODY. The governing body of a
13 county or municipality which proposes to create or has created
14 a tax increment district.

15 "(6) MAJOR 21ST CENTURY MANUFACTURING ZONE. Any area
16 aggregating not less than 500 contiguous acres of real
17 property determined by a Class 3 municipality to be a.
18 located, in whole or part, within its boundaries or corporate
19 limits, b. suitable for the site of an automotive,
20 automotive-industry related, aviation, aviation-industry
21 related, medical, pharmaceutical, semiconductor, computer,
22 electronics, energy conservation, cyber technology, or
23 biomedical industry manufacturing facility or facilities, and
24 c. an area within which not less than one hundred million
25 dollars (\$100,000,000) of capital expenditure in connection
26 with the establishment, expansion, construction, equipping,
27 development, rehabilitation, or redevelopment of such a

1 facility or facilities is anticipated to be made based upon
2 representations and information provided by the anticipated
3 user or users of the facility or facilities and such other
4 information as the local governing body shall have available
5 to it and deems appropriate.

6 ~~"(6)(7)~~ MUNICIPALITY. Any incorporated municipality
7 in this state.

8 ~~"(7)(8)~~ PROJECT. Undertakings and activities of a
9 public entity in a tax increment district for ~~either (i) a.~~
10 the elimination and prevention of the development or spread of
11 blight in a blighted or economically distressed area ~~or (ii),~~
12 b. the utilization of underutilized real or personal property,
13 or both, in an enhanced use lease area, and may include
14 property acquisition, property clearance, development,
15 redevelopment, rehabilitation, or conservation or a
16 combination or part thereof in accordance with a project plan,
17 or c. the utilization of underutilized real property in an
18 area determined by a local governing body to be a Major 21st
19 Century Manufacturing Zone, and may include property
20 acquisition, property clearance, development, including,
21 without limitation, public infrastructure improvements and any
22 other improvements for the construction and equipping of
23 automotive, automotive-industry related, aviation,
24 aviation-industry related, medical, pharmaceutical,
25 semiconductor, computer, electronics, energy conservation,
26 cyber technology, or biomedical industry manufacturing
27 facilities, or the redevelopment, rehabilitation, or

1 conservation or a combination or part thereof in accordance
2 with a project plan.

3 ~~"(8)(9)~~ PROJECT COSTS. Any expenditures made or
4 estimated to be made or monetary obligations incurred or
5 estimated to be incurred by a public entity, which in the case
6 of expenditures for or within a Major 21st Century
7 Manufacturing Zone may be incurred directly by the public
8 entity or by a private entity with funds granted by, or
9 otherwise made available from, a public entity, which are
10 listed in a project plan as costs of public works or
11 improvements or, in the case of improvements within a Major
12 21st Century Manufacturing Zone, public works or improvements
13 or private improvements, within a tax increment district, plus
14 any costs incidental thereto, diminished by any special
15 assessments, received or reasonably expected to be received by
16 the public entity in connection with the implementation of the
17 project plan. Project costs include, but are not limited to:

18 "a. Capital costs, including the costs of the
19 construction of public works or improvements, new buildings,
20 facilities or improvements, structures, and fixtures, the
21 demolition, alteration, remodeling, repair or reconstruction
22 of existing buildings, structures, facilities, and fixtures,
23 the acquisition of equipment, the acquisition, clearing, and
24 grading of land and the acquisition of interests in land;

25 "b. Financing costs, including all interest paid to
26 holders of tax increment obligations during the period of
27 implementation of the project plan, the costs of any form of

1 credit enhancement, printing and trustee costs, and any
2 premium paid in excess of the principal amount thereof because
3 of the redemption of such obligations prior to maturity;

4 "c. Real property assembly costs, meaning any
5 deficit resulting from the sale or lease as lessor by the
6 public entity of real or personal property within a tax
7 increment district for consideration which is less than its
8 cost to the public entity;

9 "d. Professional service costs, including those
10 costs incurred for architectural, planning, engineering,
11 fiscal, underwriting, and legal advice and services;

12 "e. Imputed administrative costs, including
13 reasonable charges for the time spent by officers and
14 employees of the public entity in connection with the
15 implementation of a project plan;

16 "f. Relocation costs, including those relocation
17 payments made following condemnation under Chapter 1A of Title
18 18;

19 "g. Organizational costs, including the costs of
20 conducting environmental impact and other studies and the
21 costs of informing the public with respect to the creation of
22 tax increment districts and the implementation of project
23 plans;

24 "h. The amount of any contributions made in
25 connection with the implementation of the project plan that
26 are within limits prescribed by law;

1 "i. Payments made, at the discretion of the local
2 governing body, which are to be necessary or convenient to the
3 creation of tax increment districts or the implementation of
4 project plans; and

5 "j. For purposes of any tax increment district in
6 which not less than 50 percent, by area, of the real property
7 within the tax increment district is an enhanced use lease
8 area, project costs shall also include all costs described in
9 this subdivision which are expended by a public entity or a
10 developer within three years immediately preceding the date of
11 the creation of such tax increment district.

12 "~~(9)~~ (10) PROJECT PLAN. The properly approved plan
13 for the development or redevelopment of a tax increment
14 district, including all properly approved amendments thereto.

15 "~~(10)~~ (11) PUBLIC ENTITY. Any municipality or county
16 in the state.

17 "~~(11)~~ (12) TAX INCREMENT. That amount obtained by
18 multiplying the total revenue derived from ad valorem taxes
19 levied by all local taxing authorities on all taxable property
20 within a tax increment district in any tax year by a fraction
21 having a numerator equal to that tax year's market value of
22 all taxable property in the district minus the tax increment
23 base and a denominator equal to that tax year's equalized
24 value of all taxable property in the district. In any tax
25 year, a tax increment is positive if the tax increment base is
26 less than the aggregate value of taxable property as equalized

1 by the Department of Revenue; it is negative if the base
2 exceeds such value.

3 "~~(12)~~ (13) TAX INCREMENT BASE. The aggregate value,
4 as equalized by the Department of Revenue, of all taxable
5 property located within a tax increment district on the date
6 the district is created, determined as provided in Section
7 11-99-5.

8 "~~(13)~~ (14) TAX INCREMENT DISTRICT. A contiguous
9 geographic area within the boundaries of a public entity
10 defined and created by resolution of the local governing body.

11 "~~(14)~~ (15) TAX INCREMENT FUND. A fund into which all
12 tax increments not retained by a taxing authority as provided
13 by Section 11-99-10(b) are paid, and from which money is
14 disbursed to satisfy claims of holders of tax increment
15 obligations issued for the tax increment district.

16 "~~(15)~~ (16) TAX INCREMENT OBLIGATIONS. Bonds,
17 warrants, notes, or other evidences of indebtedness issued by
18 a public entity to fund all or any project costs.

19 "~~(16)~~ (17) TAXABLE PROPERTY. All real and personal
20 property located in a tax increment district which is subject
21 to ad valorem taxation on the date of adoption of the
22 resolution creating the tax increment district.

23 "~~(17)~~ (18) TAXING AUTHORITY.

24 "a. For tax increment districts in which not less
25 than 50 percent, by area, of the real property within the tax
26 increment district is a blighted or economically distressed
27 area, taxing authority means any municipality, county, or

1 other taxing authority which has the power to levy taxes on
2 property within the tax increment districts.

3 "b. For tax increment districts in which not less
4 than 50 percent, by area, of the real property within the tax
5 increment district is an enhanced use lease area, taxing
6 authority means the state or any municipality, county, or
7 other taxing authority which has the power to levy taxes on
8 property within the tax increment district.

9 "c. For tax increment districts in which not less
10 than 50 percent by area of the real property within the tax
11 increment district is a Major 21st Century Manufacturing Zone,
12 taxing authority means the state or any municipality, county,
13 or other taxing authority which has the power to levy taxes on
14 property within the tax increment district.

15 "§11-99-4.

16 "In order to exercise its powers under this chapter,
17 a public entity shall take the following steps:

18 "(1) The local governing body shall hold a public
19 hearing at which all interested parties are afforded a
20 reasonable opportunity to express their views on the concept
21 of tax increment financing, on the proposed creation of a tax
22 increment district and its proposed boundaries, and its
23 benefits to the public entity. Notice of the hearing shall be
24 published in a newspaper of general circulation in either the
25 county or in the city, as the case may be, in which the
26 proposed tax increment district is to be located with such
27 notice to be published at least twice in the 15-day period

1 immediately preceding the date of the hearing. Prior to
2 publication, a copy of the notice shall be sent by first class
3 mail to the chief executive officer of each deferred tax
4 recipient.

5 "(2) In addition to the notice required by
6 subdivision (1) of this section, and either before or after
7 such hearing, the local governing body shall make a written
8 submission to the governing body of each deferred tax
9 recipient. The submission shall include a description of the
10 proposed boundaries of the tax increment district, the
11 tentative plans for the development or redevelopment of the
12 tax increment district, and an estimate of the general impact
13 of the proposed project plan on property values and tax
14 revenues. Not later than the fifteenth day after the date on
15 which the notice required by subdivision (1) of this section
16 is mailed, each deferred tax recipient shall designate a
17 representative empowered to meet with the local governing body
18 to discuss the project plan and the tax increment financing
19 and shall notify the local governing body of its designation.
20 Failure of any deferred tax recipient to designate a
21 representative within the 15-day period, or to notify the
22 local governing body of its designation, shall not prevent the
23 local governing body from proceeding hereunder. If a deferred
24 tax recipient which has failed to so designate a
25 representative shall thereafter designate a representative and
26 shall notify the local governing body of such designation,
27 such representative shall be entitled to notice of any

1 meetings held thereafter pursuant to this section, and shall
2 be entitled to attend such meetings, but shall have no right
3 to have matters discussed again which have already been
4 discussed. The local governing body shall call a meeting, or
5 meetings, of the representatives of the deferred tax
6 recipients to be held at any time after 20 days from the
7 mailing notice referred to in subdivision (1) of this section.
8 Each representative shall be notified of each meeting at least
9 three days before it is to be held, but such notice may be
10 waived. At the meetings the local governing body and the
11 representatives of the deferred tax recipients may discuss the
12 boundaries of the tax increment district, development within
13 such district, the exclusion of particular parcels of property
14 from such district, and tax collection for such district. On
15 the motion of the local governing body any other matter
16 relevant to the proposed tax increment district may be
17 discussed.

18 "(3) The local governing body shall adopt a
19 resolution, which need not be published, which:

20 "a. Describes the boundaries of the tax increment
21 district with sufficient definiteness to identify with
22 ordinary and reasonable certainty the territory included,
23 which shall include only those whole units of property, other
24 than publicly owned property such as streets, easements, and
25 rights-of-ways, assessed for general property tax purposes
26 and, if the public entity is a county, which shall include
27 only those areas which lie outside the corporate limits of any

1 municipality, unless the governing body of a municipality has
2 consented to the inclusion of land within its corporate limits
3 within a tax increment district formed by a county;

4 "b. Creates the tax increment district as of a given
5 date after the date of adoption of the resolution, and fixes
6 the period for its duration, which may be for a period not to
7 exceed 30 years in the case of a tax increment district in
8 which not less than 50 percent, by area, of the real property
9 within the tax increment district is a blighted or
10 economically distressed area, and which may be for a period
11 not to exceed 35 years in the case of a tax increment district
12 in which not less than 50 percent, by area, of the real
13 property within the tax increment district is an enhanced use
14 lease area or a Major 21st Century Manufacturing Zone, unless
15 an amendment is made to the project plan under subdivision (7)
16 of this section;

17 "c. Assigns a name to the tax increment district for
18 identification purposes, such as "tax increment district
19 number one";

20 "d. Contains findings, which shall not be subject to
21 review except after a showing of fraud, corruption, or undue
22 influence, that:

23 "1. Not less than 50 percent, by area, of the real
24 property within the tax increment district is either (i) a
25 blighted area and is in need of rehabilitation or conservation
26 work, ~~or~~ (ii) an enhanced use lease area, or (iii) Major 21st
27 Century Manufacturing Zone; and

1 "2. The aggregate value of equalized taxable
2 property in the district plus all existing districts created
3 by the public entity does not exceed 10 percent of the total
4 value of equalized taxable property within the public entity
5 or 50 percent if the public entity is a Class 3 municipality.
6 Provided, however, that equalized taxable property located
7 within the boundaries of a military reservation, jurisdiction
8 over which has been ceded to the United States pursuant to
9 Section 42-3-1, shall be excluded from aggregated value.

10 "(4) The local governmental body shall prepare and
11 adopt a project plan for each tax increment district. The plan
12 shall include a statement listing the kind, number, and
13 location of all proposed public works or improvements or, in
14 the case of a Major 21st Century Manufacturing Zone, public
15 works or improvements or private improvements, within the
16 district; a detailed list of estimated project costs; and a
17 description of the methods of financing all estimated project
18 cost and the time when related costs or monetary obligations
19 are to be incurred. For purposes of this chapter, any work or
20 improvement for a military installation and located within an
21 enhanced use lease area shall be deemed to be for public uses
22 and purposes. The project plan shall also include: A map
23 showing existing uses and condition of real property in the
24 district; a map showing proposed improvements and uses
25 therein; proposed changes of zoning, master map plan, building
26 code, and other ordinances or resolutions affecting the
27 district; a list of estimated nonproject costs; and a proposed

1 plan for the relocation of families, persons, and businesses
2 to be temporarily or permanently displaced from housing or
3 commercial facilities in the district by implementation of the
4 plan.

5 "(5) The local governing body shall certify before
6 approving the project plan that:

7 "a. The proposed tax increment district on the whole
8 has not been subject to growth and development through
9 investment by private enterprise and it is not reasonable to
10 anticipate that the land in the district will be developed
11 without the adoption of the project plan;

12 "b. A feasible method exists for the relocation and
13 compensation of individuals, families, and businesses that
14 will be displaced by the project in decent, safe, and sanitary
15 accommodations within their means and without undue hardship
16 to such individuals, families, and businesses;

17 "c. The plan conforms to the applicable master plan
18 of the local entity (if there is one); and

19 "d. The plan will afford maximum opportunity,
20 consistent with the sound needs of the public entity as a
21 whole, for the rehabilitation or redevelopment of the tax
22 increment district by private enterprise.

23 "(6) A copy of the project plan shall be mailed to
24 the governing body of each deferred tax recipient, before
25 approval of the project plan.

1 "(7) The local governing body may at any time adopt
2 an amendment to a project plan by complying with the
3 procedures for the original adoption of a project plan.

4 "§11-99-5.

5 "(a) Upon the creation of a tax increment district
6 or adoption of any amendment pursuant to subsection (c) of
7 this section, the tax increment base shall be determined.

8 "(b) Upon application in writing by the local
9 finance officer, the tax assessor (or the officer of the
10 county performing the duties of a tax assessor) for each
11 county in which any part of the district is located shall
12 determine according to his or her best judgment from all
13 sources available to him or her the full aggregate value of
14 the taxable property in the district located in that county.
15 The aggregate valuation from all such tax assessors or other
16 such public officials, upon certification to the local finance
17 officer, shall constitute the tax increment base of the
18 district.

19 "(c) If the public entity creating a tax increment
20 district in which not less than 50 percent, by area, of the
21 real property within the tax increment district is a blighted
22 or economically distressed area adopts an amendment to the
23 original project plan for such district which includes
24 additional project costs for which tax increments may be
25 received by such public entity, the tax increment base for the
26 district shall be redetermined pursuant to subsection (b) of
27 this section as of 90 days following the effective date of the

1 amendment, except that if the effective date of the amendment
2 is October 1 of any year, the redetermination shall be made on
3 that date. The tax increment base as redetermined under this
4 subsection shall be effective for the purposes of this chapter
5 only if it exceeds the original tax increment base determined
6 under subsection (b) of this section.

7 "(d) If the public entity creating a tax increment
8 district in which not less than 50 percent, by area, of the
9 real property within the tax increment district is an enhanced
10 use lease area or a Major 21st Century Manufacturing Zone
11 adopts an amendment to the original project plan for such
12 district which includes additional project costs for which tax
13 increments may be received by such public entity or an
14 expansion of the tax increment district, the tax increment
15 base for the district shall not be redetermined.

16 "(e) There shall be a rebuttable presumption that
17 any property within a tax increment district acquired or
18 leased as lessee by the public entity or any agency or
19 instrumentality thereof within one year immediately preceding
20 the date of the creation of the district was so acquired or
21 leased in contemplation of the creation of the district. The
22 presumption may be rebutted by the public entity with proof
23 that the property was so leased or acquired primarily for a
24 purpose other than to reduce the tax increment base. If the
25 presumption is not rebutted, in determining the tax increment
26 base of the district, but for no other purpose, the taxable

1 status of such property shall be determined as though such
2 lease or acquisition had not occurred.

3 "(f) The local tax assessor or person performing his
4 or her duties shall identify upon the tax records prepared by
5 him or her under Chapter 7 of Title 40 those parcels of
6 property which are within each existing tax increment
7 district, specifying the name of each district. A similar
8 notation shall also appear on the tax records made by the
9 local finance officer.

10 "(g) The Department of Revenue shall annually give
11 notice to the designated finance officer of all taxing
12 authorities levying taxes on property within each district as
13 to both the assessed and equalized value of the property and
14 the assessed and equalized value of the tax increment base.
15 The notice shall state that the taxes collected in excess of
16 the base will be paid to the public entity.

17 "§11-99-6.

18 "(a) Positive tax increments of a tax increment
19 district shall be allocated and paid over to the public entity
20 which created the district for each year commencing on the
21 October 1 following the date when the district is created
22 until the earlier of:

23 "(1) That time, after the completion of all public
24 improvements specified in the project plan or amendments
25 thereto, when the public entity has received aggregate tax
26 increments from the district in an amount equal to the
27 aggregate of all expenditures previously made or monetary

1 obligations previously incurred for project costs for the
2 district; or

3 "(2) Thirty-five years after the last expenditure
4 identified in the project plan is made. No expenditure may be
5 provided for in the project plan to be made more than five
6 years after the district is created, except in Class 3
7 municipalities where such expenditures may be made not more
8 than 10 years thereafter if so provided and in tax increment
9 districts in which not less than 50 percent, by area, of the
10 real property within the tax increment district is an enhanced
11 use lease area where such expenditures may be made not more
12 than 15 years thereafter if so provided, unless an amendment
13 is adopted by the local governing body under subdivision (7)
14 of Section 11-99-4.

15 "(b) Notwithstanding any other provision of law,
16 every officer charged by law to collect and pay over or retain
17 local general property taxes in the case of a tax increment
18 district in which not less than 50 percent, by area, of the
19 real property within the tax increment district is a blighted
20 or economically distressed area, or state and local general
21 property taxes in the case of a tax increment district in
22 which not less than 50 percent, by area, of the real property
23 within the tax increment district is an enhanced use lease
24 area or a Major 21st Century Manufacturing Zone, shall first,
25 on the next settlement date provided by law, pay over to the
26 local finance officer out of all such taxes which have been
27 collected that portion which represents a tax increment

1 allocable to a tax increment district, identifying the amount
2 for each district.

3 "(c) All tax increments received for a tax increment
4 district shall, upon receipt by the local finance officer, be
5 deposited into the tax increment fund for that district. The
6 local finance officer may deposit additional moneys into the
7 fund pursuant to an appropriation by the local governing body.
8 Moneys shall be paid out of the fund only to reimburse the
9 public entity for payments theretofore made by it for
10 principal of or interest on tax increment obligations for that
11 district if such obligations are general obligations of the
12 public entity, ~~or~~ to satisfy claims of holders of tax
13 increment obligations issued for that district, or to
14 reimburse the public entity for payments theretofore made by
15 it that are used to pay project costs. Subject to any
16 agreement with security holders, moneys in the fund may be
17 temporarily invested in the same manner as other surplus funds
18 of the public entity. After the principal of and interest on
19 all tax increment obligations of the district have been paid
20 or provided for, subject to any agreement with security
21 holders, if there remain in the fund any moneys, they shall be
22 paid over to the chief finance officer of the state, each
23 county, each municipality, each school district, and to the
24 general fund of the public entity in such amounts as are due
25 to each respectively, having due regard for what portion of
26 such moneys, if any, represents tax increments not allocated
27 to the public entity and what portion thereof, if any,

1 represents voluntary deposits of the public entity into the
2 fund.

3 "§11-99-8.

4 "(a) Payment of project costs may be made by any of
5 the following methods or any combination thereof:

6 "(1) Payment from the tax increment fund of the tax
7 increment district if the purpose of the payment is one
8 provided for in Section 11-99-6 hereof;

9 "(2) Payment out of the general funds of the public
10 entity, such payments being used either directly by the public
11 entity to pay such costs or used by a third party recipient of
12 such funds to pay such costs if within a Major 21st Century
13 Manufacturing Zone;

14 "(3) Payment out of the proceeds of the sale of
15 warrants, bonds or notes (whether public improvement bonds or
16 notes, mortgage bonds, notes or certificates, revenue bonds or
17 notes, or otherwise) issued by the public entity, such
18 payments being used either directly by the public entity to
19 pay such costs or used by a third party recipient of such
20 funds to pay such costs if within a Major 21st Century
21 Manufacturing Zone;

22 "(4) Payment out of the proceeds of the sale of tax
23 increment obligations issued by the public entity under this
24 section, such payments being used either directly by the
25 public entity to pay such costs or used by a third party
26 recipient of such funds to pay such costs if within a Major
27 21st Century Manufacturing Zone; and

1 "(5) Payment as otherwise provided by law.

2 "(b) For the purposes of paying project costs or of
3 refunding obligations issued as otherwise provided by law or
4 under this section, the local governing body may issue tax
5 increment obligations payable out of positive tax increments.
6 Such tax increment obligations shall not be included in the
7 computation of the constitutional debt limitation of the
8 public entity unless they are also secured by a pledge of the
9 full faith and credit of the public entity.

10 "(c) Tax increment obligations may be authorized by
11 resolution of the local governing body without the necessity
12 of a referendum or any approval by the electorate. The
13 resolution shall state the name of the tax increment district,
14 the amount of obligations authorized, and the interest rate or
15 rates to be borne thereby or the method of computing the same.
16 The resolution may prescribe the terms, form, and content of
17 the obligations and such other matters as the local governing
18 body deems useful.

19 "(d) Tax increment obligations may not be issued in
20 an amount exceeding the aggregate project costs of a project.
21 The tax increment obligations shall mature not more than 30
22 years from the date thereof. The tax increment obligations may
23 (i) contain provisions authorizing the redemption thereof, in
24 whole or in part, at stipulated prices, at the option of the
25 public entity, on any dates named therein and provide the
26 method of selecting the obligations to be redeemed, (ii) be
27 payable at any time or times and at any place, (iii) be

1 payable to bearer or registered as to principal or principal
2 and interest, (iv) be in any denominations, and (v) be sold at
3 public or private sale.

4 "(e) Tax increment obligations shall be payable only
5 out of a stipulated tax increment fund created pursuant to
6 Section 11-99-6 hereof, except as provided in paragraph (f) of
7 this section. The local governing body shall irrevocably
8 pledge all or a part of such tax increment fund to the payment
9 of the tax increment obligations. The tax increment fund may
10 thereafter be used only for the payment of the principal of
11 and interest on the tax increment obligations payable
12 therefrom until they have been fully paid.

13 "(f) To increase the security and marketability of
14 tax increment obligations, the public entity may:

15 "(1) Create a lien for the benefit of the security
16 holders upon any public improvements or public works financed
17 thereby or the revenues therefrom;

18 "(2) Pledge the full faith and credit of the public
19 entity to the payment thereof; and

20 "(3) Make covenants and do any and all acts as may
21 be necessary or convenient or desirable in the judgment of the
22 local governing body in order additionally to secure such
23 obligations or make the obligations more marketable.

24 "(g) For the purpose of paying project costs, the
25 local governing body may also allow payments to be made in
26 full at the time such costs accrue, thus allowing a project to
27 be all or partially funded on a pay-as-you-go basis.

1 "§11-99-10.

2 "(a) With respect to any taxing authority other than
3 the public entity which created the tax increment district,
4 the calculation of the equalized valuation of taxable property
5 in a tax increment district may not exceed the tax increment
6 base of the district until the district is terminated, unless
7 agreement has been made for other arrangements under
8 subsection (b) of this section.

9 "(b) In such cases where it can be shown that losing
10 tax increments would be harmful to any given taxing authority
11 or cause such taxing authority not to honor a prior binding
12 commitment, by contract executed with the public entity prior
13 to the designation of the tax increment district, and if an
14 agreement has been made for such allowances through a process
15 of negotiation at the time of the creation of the tax
16 increment district, a taxing authority may make payments into
17 the tax increment fund, less the sum of:

18 "(1) Any property taxes produced from the tax
19 increments which are required to be paid by the taxing
20 authority to another political subdivision; and

21 "(2) A portion, not to exceed 20 percent or a
22 one-time payment mutually agreed upon at the time of the
23 creation of the tax increment district, of the tax increment
24 produced in the district by the taxes levied on behalf of that
25 taxing authority.

26 "(c) All tax increments which have accrued with
27 respect to school districts under this chapter shall be

1 determined and the amounts shall be paid on February 1 of each
2 year out of the taxes of all school districts which have
3 territory in a tax increment district.

4 "(d) The use of the increased valuations in the tax
5 increment district before the completion of the project in
6 calculating any general state school aid formula is
7 prohibited.

8 "(e) A taxing authority is not required to pay a tax
9 increment into the tax increment fund for a district beyond
10 three years from the date the district was created unless one
11 or more of the following conditions exist or have been met:

12 "(1) Tax increment obligations have been issued for
13 the district;

14 "(2) The public entity has acquired property within
15 the district pursuant to the project plan; or

16 "(3) Construction of improvements pursuant to the
17 project plan has commenced in the district."

18 Section 4. If a court of competent jurisdiction
19 adjudges invalid or unconstitutional any clause, sentence,
20 paragraph, section, or part of this act, such judgment or
21 decree shall not affect, impair, invalidate, or nullify the
22 remainder of this act, but the effect of the decision shall be
23 confined to the clause, sentence, paragraph, section, or part
24 of this act adjudged to be invalid or unconstitutional.

25 Section 5. Nothing herein shall be construed to
26 authorize any municipality or county to lend its credit or to
27 grant public money or things of value in aid of any

1 individual, association, or corporation in violation of
2 Section 94 of the Constitution of Alabama of 1901, as amended,
3 except to the extent otherwise permitted by other provisions
4 of or amendments to the Constitution.

5 Section 6. All laws or parts of laws which conflict
6 with this act are repealed.

7 Section 7. This act of this act shall become
8 effective immediately following its passage and approval by
9 the Governor, or its otherwise becoming law. Notwithstanding
10 the foregoing, the provisions of this act shall apply to any
11 tax increment district created before the effective date of
12 this act provided that the tax increment district is created
13 on or after April 1, 2012, and not less than 50 percent by
14 area of the real property within such tax increment district
15 is a Major 21st Century Manufacturing Zone.