

**House Economic Development and Tourism Reported  
Substitute for HB318**



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A BILL  
TO BE ENTITLED  
AN ACT

Relating to municipalities; to add a new Article 3, commencing with Section 11-54B-80 to Title 11, Chapter 54B, Code of Alabama 1975, to provide that Class 3 municipalities may establish self-help business improvement districts.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. A new Article 3, commencing with Section 11-54B-80, is added to Title 11, Chapter 54B of the Code of Alabama 1975 to read as follows:

Article 3

§11-54B-80

(a) The Legislature makes the following findings:

(1) Patterns of urban development have had substantial adverse impacts upon downtown and community business districts vital to the economy of the State of Alabama.

(2) The public interest would be advanced by authorizing the creation of self-help business improvement districts and district management corporations to assist any Class 3 municipality in promoting economic growth in business districts.

(3) The public interest would also be advanced by



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29 authorizing the creation of self-help business improvement  
30 districts to assist any Class 3 municipality to increase  
31 tourism with the support of businesses of a particular class.

32 (4) A district management corporation representing real  
33 property owners, or in certain cases, owners of a particular  
34 class of business, within self-help business improvement  
35 districts can assist any Class 3 municipality in promoting  
36 economic growth and employment or tourism by funding  
37 supplemental business services through the levy of assessments  
38 on real property owners or owners of a particular class of  
39 business.

40 (5) Any Class 3 municipality should be authorized to  
41 create self-help business improvement districts and designate  
42 a district management corporation to execute self-help  
43 programs to improve the local business or tourism climate.

44 (b) The Legislature further finds that it is the public  
45 policy of the State of Alabama to permit any Class 3  
46 municipality to protect the public welfare and the interests  
47 of the public in the safe effective movement of persons, to  
48 encourage healthy economic development and tourism, to promote  
49 jobs, and to preserve and enhance the function and appearance  
50 of business districts located within any Class 3 municipality  
51 through the adoption of ordinances as authorized by this  
52 article.

53 §11-54B-81

54 As used in this article, the following words and  
55 phrases have the following meanings:

56 (1) AREA. In the case of a self-help business



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57 improvement district formed to promote economic growth, the  
58 geographical area or areas comprising the parcels of real  
59 property designated to be located within the district,  
60 regardless of whether the individual parcels are subject to  
61 the special assessment.

62 (2) DISTRICT MANAGEMENT CORPORATION. An entity created  
63 by incorporation under the Alabama Nonprofit Corporation Act,  
64 Chapter 3 of Title 10A, and designated by ordinance by the  
65 municipality to administer and provide services to a self-help  
66 business improvement district.

67 (3) DISTRICT MEMBER. In the case of a self-help  
68 business improvement district established to promote economic  
69 growth, an owner of real property who is to benefit from and  
70 pay the special assessment to fund supplemental services or,  
71 in the case of a self-help business improvement district  
72 established to increase tourism, an owner or operator of a  
73 business in a particular class who is to benefit from and pay  
74 the special assessment to fund supplemental services.

75 (4) MUNICIPALITY. Any Class 3 municipality as defined  
76 in Section 11-40-12.

77 (5) OWNER OF REAL PROPERTY. In the case of a self-help  
78 business improvement district to promote economic growth, an  
79 owner of any parcel of real property who is to benefit from  
80 and pay the special assessment under the self-help business  
81 improvement plan.

82 (6) SELF-HELP BUSINESS IMPROVEMENT DISTRICT or  
83 DISTRICT. An area within the municipality designated by  
84 ordinance in which a special assessment may be levied on the



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85 owners of real property located within the area to provide  
86 supplemental services in order to promote the economic growth  
87 of the district or, alternatively, an area or areas designated  
88 by ordinance in which a special assessment may be levied on  
89 businesses of a particular class located within the area or  
90 areas to provide supplemental services in order to increase  
91 tourism in the municipality.

92 §11-54B-82

93 A municipality, by ordinance, may provide for the  
94 creation and maintenance of one or more self-help business  
95 improvement districts pursuant to this article. This article  
96 is intended as the exclusive procedure by which a Class 3  
97 municipality may create and maintain a self-help business  
98 improvement district.

99 §11-54B-83

100 A public hearing on the adoption of an ordinance  
101 creating a self-help business improvement district may be  
102 called only if the governing body of a municipality finds all  
103 of the following:

104 (1) That a request for the creation of a self-help  
105 business improvement district which satisfies the requirements  
106 of Section 11-54B-84 has been filed with the clerk of the  
107 municipality.

108 (2) That the area described in the self-help business  
109 improvement plan would benefit from being designated as a  
110 self-help business improvement district.

111 (3) That the self-help business improvement district  
112 plan includes a designated district management corporation to



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113 provide administrative and other services to benefit  
114 businesses, properties, employees, residents, and consumers in  
115 the self-help business improvement district.

116 (4) That the self-help business improvement district  
117 plan includes a special assessment that will be levied by the  
118 municipality on the district members to finance the  
119 supplemental services described in the plan, and that the  
120 assessment is expected to produce revenue that is consistent  
121 with the annual budget adopted and approved as provided in  
122 this article.

123 (5) That the copies of the articles of incorporation  
124 and bylaws of the district management corporation satisfy the  
125 requirements of Section 11-54B-89.

126 (6) That it is in the best interest of the municipality  
127 and the public to designate the area described in the plan as  
128 a self-help business improvement district.

129 (7) That the existing level of publicly funded services  
130 provided by the municipality in the geographical area of the  
131 proposed district has been documented in writing and certified  
132 by the mayor of the municipality.

133 §11-54B-84

134 A request for the creation of a self-help business  
135 improvement district shall contain all of the following:

136 (1) In the case of a district formed to promote  
137 economic growth within the municipality, the signatures of the  
138 owners of real property comprising at least 60 percent of the  
139 total fair market value of all real property located within  
140 the proposed district and the signatures of owners owning at



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141 least 50 percent of parcels of real property within the  
142 proposed district or, in the case of a district formed to  
143 increase tourism, the signatures of the owners or operators of  
144 the businesses in a particular class who would pay at least 60  
145 percent of the total amount of the self-help improvement  
146 district special assessment to be levied and the signatures of  
147 the owners of at least 50 percent of the number of the  
148 businesses in a particular class located within the proposed  
149 district, in accordance with the following requirements:

150 a. There shall be no requirement that the real property  
151 or the businesses in a particular class located within the  
152 area of a district be contiguous, as long as there is an  
153 accurate description of the proposed district, whether by lot  
154 and block numbers, by street addresses, or by metes and  
155 bounds.

156 b. The county property tax records of the assessor or  
157 revenue commissioner shall determine ownership of real  
158 property and the fair market value for a district proposed to  
159 promote economic development.

160 c. When record title to real property is vested in a  
161 public corporation or authority under a bond financing plan  
162 provided for by law, the beneficial user of the real property  
163 in which title may ultimately be vested by purchase shall be  
164 deemed to be the owner of the real property for a district  
165 proposed to promote economic development.

166 d. In the case of a district formed to increase  
167 tourism, the municipality's records shall determine the  
168 ownership of the businesses in a particular class.



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169 (2) Copies of the self-help business improvement  
170 district plan, which shall include all of the following:

171 a. A description of the supplemental services to be  
172 provided to the district members with an explanation of how  
173 the services promote economic development or increase tourism.

174 b. A budget outlining the annual cost of the  
175 supplemental services described in paragraph a.

176 c. A description of the method that will be used to  
177 determine the amount of the special assessment to be levied on  
178 the district members to finance the supplemental services  
179 described in paragraph a., including all of the following:

180 1. A description of how the methodology equitably  
181 apportions the burden of the special assessment among the  
182 district members.

183 2. In the case of a district to promote economic  
184 growth, a list, by lot and block numbers or by street  
185 addresses, of all real properties whose owners will benefit  
186 from and pay the special assessment, including all of the  
187 following:

188 (i) A clear presentation of any different classes of  
189 real property to be levied at different rates based on the  
190 fair market value or land use as reflected in the county tax  
191 records of the assessor or revenue commissioner, or based on  
192 another methodology.

193 (ii) Any exemptions from, or reductions to, the special  
194 assessment based on the benefit to the district member.

195 d. The number of years, not to exceed five years, that  
196 the special assessment described in paragraph c. shall be



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197 levied.

198 e. Copies of the articles of incorporation and bylaws  
199 of the district management corporation designated by the plan  
200 to provide the administrative and other services to the  
201 district.

202 §11-54B-85

203 (a) (1) At least 20 days prior to the date set for a  
204 public hearing on the proposed self-help business improvement  
205 district plan, notice of the date, time, and place of the  
206 hearing, with a description of the area proposed to be  
207 included in the district, the proposed ordinance, and the  
208 self-help business improvement district plan shall be mailed  
209 to all prospective district members.

210 (2) In the case of a proposed district to promote  
211 economic growth, the notice shall be mailed to all known  
212 owners of real property at the address listed in the county  
213 property tax records of the assessor or the revenue  
214 commissioner.

215 (3) In the case of a proposed district to increase  
216 tourism, the notices shall be mailed to the owners of the  
217 businesses in the particular class that is to comprise the  
218 district.

219 (b) A copy of the notice shall be posted in at least  
220 three places located within the area proposed to be included  
221 in the district and on the municipality's website.

222 (c) An owner of real property or a business owner in  
223 the particular class may not contest the validity of a  
224 self-help business improvement district established by





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225 ordinance on the grounds that he or she did not receive a copy  
226 of the notice.

227 §11-54B-86

228 (a) The governing body of the municipality, upon review  
229 of the self-help business improvement district plan and after  
230 public hearing, by ordinance, may designate, establish, and  
231 maintain the area described in the plan as a self-help  
232 business improvement district.

233 (b) The ordinance shall include all of the following:

234 (1) A statement that the district shall take effect 30  
235 days after the date of adoption of the ordinance.

236 (2) A statement that the district management  
237 corporation provided for in the plan shall provide  
238 administrative and other services to the district.

239 (3) A statement that the municipality and the district  
240 management corporation are authorized to enter a contract  
241 setting out the services to be respectively provided by the  
242 district and the municipality, and providing that the  
243 municipality shall continue the same level of services in the  
244 district as provided before its creation.

245 (4) In the case of a district formed to promote  
246 economic development, a list of all real properties by street  
247 addresses which shall benefit from and pay the special  
248 assessment, accompanied with a map of the district area or, in  
249 the case of a district formed to increase tourism, a list of  
250 all businesses in a particular class by street address which  
251 shall benefit from and pay the special assessment.

252 (5) A summary of the proposed supplemental services to



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253 promote economic growth or increase tourism, which shall be  
254 funded by a levy of a special assessment on the district  
255 members.

256 (6) An adequate description of the method used to  
257 determine the special assessment, including different  
258 assessment rates if applicable, and how the burden of the  
259 special assessment is equitably apportioned among district  
260 members.

261 §11-54B-87

262 (a) The special assessment to be levied in order to  
263 fund supplemental services in the self-help business  
264 improvement district shall be collected by the district  
265 management corporation or the municipal revenue department.

266 (b) The ordinance adopted by the governing body of the  
267 municipality establishing the district shall include, in  
268 addition to the requirements of 11-54B-86, a notice that  
269 contains both of the following:

270 (1) A statement that the amount of any delinquent  
271 special assessment levied on a district member, together with  
272 any accrued interest and penalties, shall be a lien on the  
273 real property or business in a particular class with priority  
274 over all other liens, whether created before or after the date  
275 of the special assessment, except a lien for any of the  
276 following:

277 a. State, county, or municipal taxes.

278 b. A prior special assessment.

279 c. A prior recorded mortgage, deed of trust, or similar  
280 security instrument.



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281 (2) A statement that except for foreclosures for state,  
282 county, or municipal taxes, a prior special assessment, or a  
283 prior recorded mortgage, deed of trust, or similar security  
284 instrument, the lien for the special assessment shall not be  
285 defeated or postponed by any private or judicial sale, or by  
286 any mortgage, deed of trust, or similar security instrument  
287 recorded after the date of final adoption by the municipality  
288 of the self-help business improvement district ordinance.

289 (c) Any defect in the proceeding of the governing body  
290 of the municipality or of the board of directors of the  
291 district management corporation shall not exempt any owner of  
292 real property or business in the particular class from the  
293 lien or from payment thereof.

294 §11-54B-88

295 (a) The board of directors of the district management  
296 corporation may adopt a resolution recommending to the  
297 governing body of the municipality a modification of the  
298 district plan at a regular board meeting by one of the  
299 following methods:

300 (1) By agreement of the board of directors.

301 (2) Upon written request made to the board of directors  
302 by, in the case of a district formed to promote economic  
303 growth, the signatures of owners of real property consistent  
304 with the signatures required under Section 11-54B-84(1) or, in  
305 the case of a district formed to increase tourism, the  
306 signatures of owners of businesses in a particular class  
307 required under Section 11-54B-84(1).

308 (b) The resolution of the board of directors of the



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309 district management corporation pursuant to subsection (a)  
310 shall include a request to the governing body of the  
311 municipality to approve the proposed modification to the  
312 district plan and shall be transmitted to the governing body  
313 for consideration at a public hearing.

314 (c) (1) At least 20 days prior to the date set for a  
315 public hearing on the proposed modification of the self-help  
316 business improvement district ordinance, notice of the date,  
317 time, and place of the hearing shall be mailed to all district  
318 members.

319 (2) A copy of the notice shall be posted in at least  
320 three public places located within the district and on the  
321 websites of the municipality and the district.

322 (3) At the hearing, the municipality may approve the  
323 proposed modification to the district plan by adopting an  
324 ordinance reflecting the modification if the governing body  
325 finds that it is consistent with Section 11-54B-83.

326 (4) A district member may not contest the validity of  
327 the modification of the district plan established by ordinance  
328 on the grounds that he or she did not receive a copy of the  
329 hearing notice.

330 (d) (1) The governing body of the municipality may  
331 modify the ordinance approving the district in the case of a  
332 district formed to promote economic growth, to either enlarge  
333 or reduce the area of the district following submission of a  
334 resolution by the board of directors requesting the  
335 enlargement or reduction of the district.

336 (2)a. Where a request for expansion is sought under



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337 this subsection, the request shall contain the signatures of  
338 the owners of real property located in the area to be added to  
339 the district consistent with the signatures required under  
340 Section 11-54B-84(1).

341 b. The county property tax records of the assessor or  
342 the revenue commissioner shall determine ownership of the  
343 property and the fair market value.

344 c. When record title to real property is vested in a  
345 public corporation or authority under a bond financing plan  
346 provided for by law, the beneficial user of the real property  
347 in which title may ultimately be vested by purchase shall be  
348 deemed to be the owner of the real property.

349 (3) A resolution by the board of directors requesting  
350 expansion or reduction of the district area shall include an  
351 accurate description of the area that is the subject of the  
352 expansion or reduction, whether by metes and bounds, by lot  
353 and block numbers, or by street addresses, with the district  
354 plan as modified, and accompanied with a map of the resulting  
355 district if the expansion or reduction is approved.

356 (4)a. At least 20 days prior to the date set for a  
357 public hearing on the proposed expansion or reduction, notice  
358 of the date, time, and place of the hearing, together with a  
359 description of the area which is the subject of the expansion  
360 or reduction, shall be mailed to all owners of real property  
361 located within the area who are the subject of the reduction  
362 or all prospective owners of real property in the area who are  
363 the subject of the expansion at the address listed in the  
364 county property tax assessment records.



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365           b. A copy of the notice shall be posted in at least  
366 three public places located within the area that is the  
367 subject of the reduction or expansion and on the websites of  
368 the municipality and the district.

369           c. An owner of real property may not contest the  
370 validity of the reduction or expansion of the district on the  
371 grounds that he or she did not received a copy of the notice.

372           (5) The municipality, upon review of the request for  
373 the expansion or reduction of the self-help business  
374 improvement district and after public hearing, by ordinance,  
375 may expand or reduce the self-help business improvement  
376 district as modified which shall include all of the following:

377           a. An effective date that is 30 days after the date of  
378 adoption of the ordinance by the municipality.

379           b. Provide that the modification in the district area  
380 is consistent with 11-54B-83.

381           c. Provide that the contract between the municipality  
382 and the district management corporation setting out the  
383 services to be respectively provided by the district and the  
384 municipality shall be amended to provide that the same level  
385 of services provided by the municipality shall continue as  
386 before the expansion or reduction of the area comprising the  
387 self-help business improvement district.

388           §11-54B-89

389           (a) District management corporations provided for in  
390 this article shall be incorporated under the Alabama Nonprofit  
391 Corporation Act, Chapter 3 of Title 10A, and shall exercise  
392 their powers in a manner consistent with that law.



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393 (b) To qualify for designation by ordinance to manage a  
394 self-help business improvement district, the articles of  
395 incorporation of a proposed district management corporation  
396 shall provide all of the following:

397 (1) A board of directors, numbering no fewer than three  
398 and no more than 13, shall manage the property, business, and  
399 affairs of the corporation.

400 (2) The names and addresses of the initial members of  
401 the board of directors.

402 (3) The initial members of the board shall be divided  
403 into three groups that are as equal in number as is possible,  
404 with those groups serving initial terms of one, two, and three  
405 years respectively, and all directors thereafter elected  
406 serving for a term of three years, provided that the district  
407 is renewed pursuant to Section 11-54B-97.

408 (4) The members of the board of directors elected after  
409 the expiration of the initial terms set forth in subdivision  
410 (3) shall be elected by a majority vote of the district  
411 members after notice by first class mail.

412 (5) A majority of the board of directors shall be  
413 district members.

414 (6) Bylaws shall be adopted providing for officers of  
415 the corporation consistent with Chapter 3 of Title 10A,  
416 including their qualifications, appointment, and terms.

417 (7) No funds received by the corporation from  
418 assessments on the district members shall be expended except  
419 in accordance with the budget adopted or amended under the  
420 provisions of this article.



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421 (8) Vacancies on the board of directors resulting from  
422 death, resignation, or removal shall be filled by the  
423 remaining members of the board of directors for the unexpired  
424 portion of the term.

425 (9) At least once a year after creation of the  
426 district, the corporation shall hold a general membership and  
427 public meeting appropriately advertised in at least three  
428 public places within the district area and on the district's  
429 website.

430 (10) The corporation shall receive written suggestions  
431 from businesses in the district at any time.

432 (11) Municipal representatives designated by the mayor  
433 and by the governing body of the municipality shall be  
434 authorized to attend and participate in regular and called  
435 meetings of the board of directors, but shall not vote on any  
436 matters considered by directors.

437 (12) No amendment to the articles of incorporation or  
438 any bylaws shall be effective unless approved by the board of  
439 directors.

440 (13) A director shall receive no compensation for his  
441 or her service as a director, but shall be entitled to receive  
442 reimbursement for expenses actually incurred in the  
443 performance of his or her duties as approved by the board.

444 (14) Upon dissolution, or upon any withdrawal of the  
445 designation as the district management corporation, all  
446 interests in and title to funds held by or for the  
447 corporation, and all property of the corporation shall be  
448 transferred and assigned to a successor district management





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449 corporation, or if no successor district management  
450 corporation exists, to the general fund of the municipality  
451 for use in funding the programs as the board of directors of  
452 the district management corporation shall direct and  
453 designate.

454 (c) The district management corporation may do all  
455 things necessary to implement its purposes, including, but not  
456 limited to, the following:

457 (1) Adopt bylaws for the regulation of its affairs and  
458 the conduct of its business and prescribe rules, regulations,  
459 and policies in connection with the performance of its  
460 functions and duties.

461 (2) Employ individuals as may be required and fix and  
462 pay their compensation from funds available to the  
463 corporation.

464 (3) Apply for, accept, administer, and comply with the  
465 requirements respecting an appropriation of funds or a gift,  
466 grant, or donation of property or money.

467 (4) Enter into contracts as may be necessary or  
468 convenient to the exercise of the powers and functions of the  
469 corporation, including contracts with any individual, firm,  
470 corporation, governmental agency, or other entity.

471 (5) Administer and manage corporate funds and accounts  
472 and pay corporate obligations.

473 (6) Borrow money from private lenders or from  
474 governmental entities.

475 (7) Enforce the conditions of any loan, grant, sale, or  
476 lease made by the corporation.



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477 (8) Provide security, sanitation, and other services to  
478 the district supplemental to those provided by the  
479 municipality.

480 (9) Advertise the district and businesses included  
481 within the district.

482 (10) Recruit new businesses to fill vacancies in the  
483 district.

484 (11) Organize and promote special events in the  
485 district.

486 (12) Provide special parking arrangements or manage  
487 ongoing parking programs for the district.

488 (13) Participate in other governmental programs that  
489 are qualified and included in its approval plan.

490 (14) Undertake other activities or initiatives within  
491 the district as the board of directors of the district  
492 management corporation deem appropriate.

493 (d) The nonprofit corporation designated as a district  
494 management corporation under this article shall be exempt from  
495 the state corporate income tax, corporate franchise tax, and  
496 permit fee, and from state, county, and municipal sales, use,  
497 license, gross receipts, and ad valorem taxes.

498 §11-54B-90

499 (a) The officers of the district management corporation  
500 shall submit a detailed annual budget for approval by its  
501 board of directors, including proposed expenditures and  
502 proposed sources of funding, which may include voluntary  
503 donations. The budget shall explain how it contributes to the  
504 goals for the self-help business improvement district.



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505 (b) The budget shall be introduced, approved, amended,  
506 and adopted by resolution passed by not less than a majority  
507 of the full membership of the board of directors by the  
508 procedure as follows:

509 (1) Introduction and preliminary approval of the  
510 budget.

511 (2) Public advertising of the budget.

512 (3) Public hearings relating to the budget.

513 (4) Amendments to the budget and public hearings  
514 relating to those amendments.

515 (5) Adoption of the budget.

516 (c) No budget shall be adopted until a public hearing  
517 has been held and all persons having an interest therein have  
518 been given an opportunity to present objections.

519 (d) The board of directors may amend the budget during  
520 or after the public hearing.

521 (e) No amendment to the budget by the board of  
522 directors shall be effective until district members and all  
523 persons having an interest therein have been granted a public  
524 hearing, if the amendment does any of the following:

525 (1) Adds a new item in an amount in excess of 20  
526 percent of the total expenditures as stated in the approved  
527 budget.

528 (2) Increases or decreases any item within the budget  
529 by more than 20 percent of the amount stated in the approved  
530 budget for the item.

531 (3) Increases the amount needed to be raised by special  
532 assessment by more than 20 percent of the total special



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533 assessment revenues stated in the approved budget.

534 §11-54B-91

535 The municipality and its governing body shall retain  
536 its police powers and other rights and powers relating to any  
537 streets or parts thereof located within the area of a  
538 self-help business improvement district.

539 §11-54B-92

540 No self-help business improvement district or district  
541 management corporation shall have the power of eminent domain.

542 §11-54B-93

543 No structure, fixture, movable personal property, or  
544 activity located in the area of the self-help business  
545 improvement district and authorized by the district management  
546 corporation, by reason of its location or use, shall be deemed  
547 a nuisance or an unlawful obstruction or condition,  
548 notwithstanding any law regulating the use of public streets  
549 and highways, and neither the municipality, the corporation,  
550 nor any user acting under the corporation's authority shall be  
551 liable for any injury to person or property, unless the  
552 structure, fixture, moveable personal property, or activity is  
553 negligently constructed, maintained, or operated.

554 §11-54B-94

555 A municipality, by ordinance, may authorize the  
556 district management corporation to contract construction and  
557 maintenance work to be done on any street or on other  
558 municipal property included in the self-help business  
559 improvement district, provided that the plans and  
560 specifications of any construction work to be contracted shall



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561 be approved by the municipal engineer prior to initiation of  
562 any actions for the awarding of a contract under this article.

563 §11-54B-95

564 This article shall not prohibit a municipality from  
565 including a self-help business improvement district within the  
566 bounds of any area, district, or zone, including any  
567 enterprise zone established pursuant to law which has as one  
568 of its purposes the encouragement of the construction of  
569 improvements or the rehabilitation of properties located  
570 within those boundaries, or the inducement of private  
571 enterprises to locate within those boundaries, whether by tax  
572 credits, exemptions, or abatements, or by special public  
573 financing arrangements.

574 §11-54B-96

575 (a) Within 90 days after the close of each fiscal year,  
576 the district management corporation shall make an annual  
577 report of its activities for the preceding fiscal year to the  
578 governing body of the municipality.

579 (1) Each annual report shall include, at a minimum, all  
580 of the following:

581 a. A financial statement for the preceding year,  
582 including a balance sheet, statement of income and loss, and  
583 such other information as is reasonably necessary to reflect  
584 the corporation's actual performance, certified by the  
585 treasurer of the corporation.

586 b. The budget for the current fiscal year.

587 c. In the case of a district whose purpose is to  
588 increase tourism, a list of the businesses in the designated



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589 class that are currently operating within the district.

590 (2) A copy of each annual report shall be sent to the  
591 mayor, the members of the governing body of the municipality,  
592 and to all district members.

593 (b) (1) The district management corporation shall have  
594 its books, accounts, and financial transactions annually  
595 audited by a certified public accountant.

596 (2) The audit shall be performed within 90 days of the  
597 close of each fiscal year.

598 (3) Certified copies of the audit report shall be filed  
599 within 120 days after the close of the fiscal year with the  
600 governing body of the municipality, the mayor, and the finance  
601 director or other financial control officer of the  
602 municipality.

603 §11-54B-97

604 (a) (1) The board of directors of the district  
605 management corporation shall set a hearing when one of the  
606 following occurs:

607 a. Within 60 days after the adoption and approval of  
608 the fifth annual budget for the district, to determine  
609 continuation, modification, or termination of the district.

610 b. Whenever a petition is presented to the board of  
611 directors requesting termination of the district signed by  
612 district members who paid more than 50 percent of the special  
613 assessment in the last fiscal year for which the assessment  
614 was collected.

615 (2) At least 20 days before the hearing, notice of the  
616 date, time, and place of the hearing shall be posted in at



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617 least three public places within the district, on the websites  
618 of the municipality and the district, and mailed to each  
619 district member.

620 (3) At or immediately after the hearing, the board of  
621 directors shall adopt a resolution requesting the governing  
622 body of the municipality to adopt an ordinance providing for  
623 one of the following:

624 a. Continuation of the district as described in the  
625 self-help business improvement plan for an additional five  
626 years if the hearing was held pursuant to paragraph (a)(1)a.

627 b. Continuation of the district with modification for  
628 an additional five years if the hearing was held pursuant to  
629 paragraph (a)(1)a., as reflected by modifying the self-help  
630 business improvement district plan consistent with Section  
631 11-54B-88, including enlargement or reduction of the district.

632 c. Termination of the district if one of the following  
633 occurs:

634 1. At a hearing held pursuant to paragraph (a)(1)a., it  
635 is demonstrated that district members who paid more than 50  
636 percent of the special assessment in the last fiscal year for  
637 which the special assessment was collected object to the  
638 continuation of the district.

639 2. At a hearing in response to a petition received  
640 pursuant to paragraph (a)(1)b., at which no signatures are  
641 withdrawn reducing support for termination of the district to  
642 fewer than 50 percent of the district members who paid the  
643 special assessment in the last fiscal year for which the  
644 assessment was collected.



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645 (b) The governing body of the municipality shall adopt  
646 an ordinance ratifying the board of directors' resolution  
647 pursuant to subdivision (a)(4), to take effect at the end of  
648 the current fiscal year, to continue, modify, or terminate the  
649 district.

650 (c) In the event of termination of the district, any  
651 remaining revenues, after all outstanding debts are paid,  
652 derived from the collection of the special assessment or  
653 derived from the sale of district assets acquired with the  
654 revenues shall be spent as near as possible in accordance with  
655 the district plan or shall be refunded to district members who  
656 paid the special assessment by applying the same method that  
657 was used to calculate the assessment in the last fiscal year  
658 for which the special assessment was collected.

659 Section 2. This act shall become effective on the  
660 first day of the third month following its passage and  
661 approval by the Governor, or its otherwise becoming law.