

SB242 INTRODUCED



1 SB242

2 MB561H1-1

3 By Senators Singleton, Chesteen, Allen, Albritton, Melson,
4 Stutts, Barfoot, Butler, Reed, Smitherman, Roberts, Sessions,
5 Elliott, Kitchens, Kelley, Coleman-Madison, Hovey, Livingston,
6 Price, Williams

7 RFD: Fiscal Responsibility and Economic Development

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SYNOPSIS:

This bill would authorize counties and municipalities to authorize the incorporation of an innovation district within the county or municipality as a public corporation for the purpose of undertaking activities or acquiring property by the district, and using public revenues for the establishment, benefit, or support of qualified enterprises, as designated by the Department of Commerce, through public revenues.

This bill would provide procedures for the creation and dissolution of an innovation district.

This bill would provide for the powers of an innovation district, and provide for the powers of the board of directors of an innovation district.

This bill would exempt districts from fees and charges imposed by a judge of probate and from taxation.

This bill would exempt districts from competitive bid laws and from other specified state oversight.

A BILL
TO BE ENTITLED
AN ACT



SB242 INTRODUCED

29

30 Relating to economic development; to provide for the
31 establishment of public corporations known as districts to
32 support certain economic development activities using public
33 revenues; to provide for the creation and dissolution of
34 districts; to provide the powers of districts and the powers
35 and duties of the board of directors of districts; to exempt
36 districts from certain laws and requirements, including
37 taxation and competitive bid laws.

38 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

39 Section 1. Definitions.

40 When used in this act, the following terms have the
41 following meanings unless the context clearly indicates
42 otherwise:

43 (1) APPLICANT. Each natural person who has executed and
44 filed a written application with the governing body of any
45 subdivision for the incorporation of an innovation district.

46 (2) AUTHORIZING RESOLUTION. A resolution adopted by a
47 governing body to authorize the incorporation of an innovation
48 district.

49 (3) AUTHORIZING SUBDIVISION. Any county or municipality
50 the governing body of which has adopted an authorizing
51 resolution.

52 (4) BOARD. The board of directors of an innovation
53 district.

54 (5) CORPORATE PERSON. Any corporation, partnership,
55 association, or organization which may be incorporated or
56 organized under any chapter of Title 10 of the Code of Alabama



SB242 INTRODUCED

57 1975, or under the laws of any state of the United States.

58 (6) DIRECTOR. A member of the board of directors of the
59 district.

60 (7) DISTRICT. A public corporation incorporated
61 pursuant to this act.

62 (8) ELIGIBLE TAX. Any tax levied within an innovation
63 district by an authorizing subdivision the proceeds of which
64 tax may be used by the authorizing subdivision for any lawful
65 purpose without violation of any contractual agreement, the
66 terms of the ballot by which the tax was voted, any state law
67 or provision of the state constitution, or any order or ruling
68 of any agency, branch, department, or instrumentality of the
69 state or the United States.

70 (9) FINANCIAL OBLIGATION. Any contractual obligation of
71 any person, whether direct, indirect, or contingent, to pay or
72 provide money to, or for the benefit of, any person or
73 persons, as evidenced by any agreement or instrument,
74 including, but not limited to, any bond, certificate, economic
75 incentive grant agreement, funding or guaranty agreement,
76 installment sale agreement, lease agreement, negotiable
77 instrument, note, or warrant.

78 (10) GOVERNING BODY. The elected group of natural
79 persons which is organized for the purposes of exercising the
80 legislative functions and powers of a public person.

81 (11) NATURAL PERSON. A natural person who is 21 years
82 of age or older.

83 (12) PERSON. Collectively, corporate persons, natural
84 persons, and public entities.



SB242 INTRODUCED

85 (13) PRINCIPAL OFFICE. The principal office of an
86 innovation district as stated in the certificate of
87 incorporation.

88 (14) PROJECT. Any activity undertaken, or property
89 acquired or provided in whole or in part, by an innovation
90 district for the establishment, benefit, or support of a
91 qualified enterprise.

92 (15) PROPERTY. Any tangible or intangible property and
93 interests therein, including all property characterized under
94 state law as real, personal, or mixed.

95 (16) PUBLIC CORPORATION. Any public corporation
96 organized under the laws of the state.

97 (17) PUBLIC ENTITY. Any county, municipality, public
98 corporation, or any political subdivision, or other
99 instrumentality, of the state.

100 (18) QUALIFIED ENTERPRISE. Any activity, business, or
101 trade that is:

102 a. Identified in the Alabama Department of Commerce's
103 most recent economic development plan; or

104 b. Determined by a board to conduct operations in
105 furtherance of the legislative purposes of this act.

106 (19) SPECIAL PUBLIC REVENUES. Any funds or revenues of
107 an authorizing subdivision, including, but not limited to, the
108 proceeds of any eligible tax, which funds, revenues, or tax
109 proceeds shall be assigned or pledged, in whole or in part, by
110 the authorizing subdivision for the benefit of an innovation
111 district as provided in the authorizing resolution of the
112 authorizing subdivision with respect to, and described in, the



SB242 INTRODUCED

113 certificate of incorporation of the district.

114 (20) SUBDIVISION. Any county or municipality.

115 Section 2. Legislative Findings and Intent.

116 (a) The Legislature finds and determines the public
117 good and welfare and the economy of the state are best served
118 by the exercise of the police power of the Legislature to
119 provide public resources for the development, growth,
120 improvement, and support of new and creative economic
121 opportunities for existing and future qualified enterprises to
122 establish and continue projects in this state for innovative
123 processes and products, specifically including those business
124 sectors expressly identified in Accelerate Alabama 2.0, the
125 economic development strategic plan developed by the
126 Department of Commerce.

127 (b) In furtherance of subsection (a) the legislative
128 intent and public purpose of this act is:

129 (1) To provide authority to municipalities and counties
130 for the creation of districts with corporate authority and
131 power to provide, in the discretion of the districts, public
132 resources, including, without limitation, special public
133 revenues, on a continuing basis to qualified enterprises for
134 the location, development, support, and continuation of
135 projects in the state; and

136 (2) To provide authority to public entities to provide
137 public resources to, or for the benefit of, districts.

138 Section 3. Incorporation and Organization of an
139 innovation district; Certificate of Incorporation.

140 (a) The governing body of any subdivision, or the



SB242 INTRODUCED

141 governing bodies of any two or more subdivisions, may
142 authorize the incorporation and organization of an innovation
143 district as a public corporation of the state, with powers set
144 forth in this act, for the purpose of establishing or
145 undertaking any project.

146 (b) In order to incorporate and organize an innovation
147 district, not less than three natural persons who are duly
148 qualified electors of a proposed authorizing subdivision shall
149 file a written application with the governing body of each
150 proposed authorizing subdivision. The application shall:

151 (1) State that the applicants propose to incorporate an
152 innovation district pursuant to this act;

153 (2) State the name of each subdivision with which the
154 application is filed;

155 (3) State that each of the applicants is a duly
156 qualified elector of a proposed subdivision;

157 (4) Attach the proposed certificate of incorporation of
158 the proposed district and state that the proposed certificate
159 of incorporation is attached to the application and made a
160 part thereof; and

161 (5) Request the governing body of each proposed
162 subdivision to adopt a resolution declaring that it is wise,
163 expedient, and necessary that the proposed district be formed,
164 that the proposed certificate of incorporation of the district
165 be approved, and that the applicants are authorized and
166 directed to proceed to form the proposed district by the
167 filing for record of a certificate of incorporation in
168 accordance with the provisions of this act.



SB242 INTRODUCED

169 (c) The certificate of incorporation of an innovation
170 district shall state all of the following:

171 (1) The names of the individuals forming the district,
172 and that each of them is a duly qualified elector of an
173 authorizing subdivision.

174 (2) The name of the district, which may be a name
175 indicating in a general way the area proposed to be included
176 within or served by the district and shall include the words
177 " _____ Innovation District," or "The Innovation District
178 of _____," the blank spaces to be filled in with the
179 name of the authorizing subdivisions or other geographically
180 descriptive word or words, such descriptive word or words not,
181 however, to preclude the district from locating facilities or
182 otherwise exercising its powers in other geographical areas.

183 (3) That the district is organized pursuant to the
184 provisions of this act.

185 (4) The name of each authorizing subdivision together
186 with the date on which the governing body thereof adopted an
187 authorizing resolution.

188 (5) The period for the duration of the district, which
189 may be perpetual subject to the provisions of this act.

190 (6) The location of the principal office of the
191 district, which must be within the boundaries of an
192 authorizing subdivision.

193 (7) The number of members, which must be an odd number
194 not less than three, of the board of directors of the
195 district, with each director to hold a place on the board,
196 which may be designated by number in consecutive order, and



SB242 INTRODUCED

197 for each such place the duration of the term of office, which
198 shall not be in excess of six years, for the director holding
199 such place, and, subject to the provisions of this act, the
200 person or persons, which may include any natural person, any
201 corporate person, any public entity, or the state, having the
202 authority and power of appointment of the director holding
203 such place; provided, however, a majority of the directors of
204 the district must be appointed by one or more of the
205 authorizing subdivisions. Additionally, the certificate of
206 incorporation may allow for the Alabama Innovation Corporation
207 to appoint a single, non-voting director who shall not count
208 towards the establishment of a quorum.

209 (8) The terms of any prohibition, limitation, or
210 condition with respect to the exercise of any authority or
211 power of the district.

212 (9) Any provision that provides for the vesting of
213 title to its property upon dissolution of the district which
214 must not be in violation of this act or other state law.

215 (10) That the district shall be a nonprofit corporation
216 and no part of its net earnings remaining after payment of its
217 expenses shall inure to the benefit of any individual, firm,
218 or corporation.

219 (11) Any other provision that:

220 a. Describes any special public revenues that have been
221 pledged or assigned to the district by an authorizing
222 subdivision in the authorizing resolution; and

223 b. May be required to be included in the certificate of
224 incorporation by an authorizing subdivision in the authorizing



SB242 INTRODUCED

225 resolution and which must not be in violation of this act or
226 any other state law.

227 (d) (1) The governing body of a subdivision with which
228 an application is filed pursuant to this act, as promptly as
229 practicable, shall review the application and the attached
230 form of certificate of incorporation and thereupon, at any
231 regular or special meeting called and held in accordance with
232 state law, either adopt a resolution denying the application
233 or adopt an authorizing resolution in which the governing body
234 declares that it is wise, expedient, and necessary that the
235 proposed district be formed, approve the form and content of
236 its certificate of incorporation, and authorize and direct the
237 applicants to proceed to form the proposed district by the
238 filing for record of the proposed certificate of incorporation
239 in accordance with this act.

240 (2) The governing body of each subdivision that has
241 adopted an authorizing resolution shall cause the resolution
242 to be made a part of the minutes and record of the meeting of
243 the governing body during which the authorizing resolution was
244 adopted.

245 (3) An authorizing resolution shall operate and be
246 construed only as historical and evidential. An authorizing
247 resolution shall not operate or be construed as of general and
248 permanent nature or operation, may be adopted at the same
249 meeting at which it is introduced, and shall be effective
250 immediately upon adoption without posting or publication by
251 any electronic, printed, or other means.

252 (e) As soon as practicable after the adoption of an



SB242 INTRODUCED

253 authorizing resolution by each authorizing subdivision, the
254 applicants shall do all of the following:

255 (1) Execute and acknowledge the certificate of
256 incorporation as approved by each of the authorizing
257 subdivisions before an officer authorized by law to take
258 acknowledgments to deeds.

259 (2) Attach to the certificate of incorporation both of
260 the following:

261 a. A certified copy of each authorizing resolution.

262 b. A certificate by the Secretary of State stating that
263 the name proposed for the district is not identical to that of
264 any other corporation organized under state law or so nearly
265 similar as to lead to confusion and uncertainty.

266 (3) File the certificate of incorporation for record in
267 the office of the judge of probate of the county in which the
268 principal office of the district is to be located.

269 (f) Upon the filing for record of the certificate of
270 incorporation, the district shall come into existence and
271 shall constitute a public corporation under the name set forth
272 in the certificate of incorporation, whereupon the district
273 shall be vested with all authority, powers, and rights granted
274 by this act, and the judge of probate shall send a notice to
275 the Secretary of State that the certificate of incorporation
276 of the district has been filed for record.

277 (g) The certificate of incorporation of any district
278 may be amended in the following manner:

279 (1) The board shall first adopt a resolution proposing
280 an amendment to the certificate of incorporation which must be



SB242 INTRODUCED

281 set forth in full in the resolution. The amendment may include
282 any matters that may have been included in the original
283 certificate of incorporation.

284 (2) After the adoption by the board of a resolution
285 proposing an amendment to the certificate of incorporation of
286 the district, the chair of the board and the secretary of the
287 district shall sign and file a written application in the name
288 of and on behalf of the district with the governing body of
289 each authorizing subdivision, requesting the governing body to
290 adopt a resolution approving the proposed amendment, and
291 accompanied by a certified copy of the resolution adopted by
292 the board proposing the amendment to the certificate of
293 incorporation, together with documents in support of the
294 application as the chair considers appropriate.

295 (3) As promptly as practicable after the filing of the
296 application with the authorizing subdivision, the governing
297 body shall review the application and shall either adopt a
298 resolution denying the application or adopt a resolution
299 authorizing the proposed amendment. The governing body of each
300 subdivision that has adopted a resolution approving the
301 amendment shall cause the resolution to be made a part of the
302 minutes and record of the meeting of the governing body during
303 which the resolution was adopted. A resolution approving an
304 amendment shall operate and be construed only as historical
305 and evidential. An authorizing resolution shall not operate or
306 be construed as of general and permanent nature or operation,
307 may be adopted at the same meeting at which it is introduced,
308 and shall be effective immediately without posting or



SB242 INTRODUCED

309 publication by any electronic, printed, or other means.

310 (4) As soon as practicable after the adoption of a
311 resolution approving the amendment by each authorizing
312 subdivision, the chair of the board of the district and the
313 secretary of the district shall sign and file for record in
314 the office of the judge of probate with which the certificate
315 of incorporation of the district was originally filed a
316 certificate in the name of and on behalf of the district
317 reciting the adoption of the respective resolutions by the
318 board and by the governing body of each authorizing
319 subdivision, setting forth the proposed amendment. The judge
320 of probate for the county shall thereupon record the
321 certificate in an appropriate book in his or her office. When
322 the certificate has been so filed and recorded, the amendment
323 shall become effective and the certificate of incorporation
324 shall thereupon be amended to the extent provided in the
325 amendment. No certificate of incorporation of an innovation
326 district shall be amended except in the manner provided in
327 this section.

328 Section 4. Board of Directors of District.

329 (a) Each district shall be governed by a board of
330 directors that shall exercise, or authorize the exercise of,
331 all powers of the district.

332 (b) The board of each district shall consist of the
333 number of directors provided in the certificate of
334 incorporation.

335 (c) Any natural person may serve on the board of an
336 innovation district without regard to whether the natural



SB242 INTRODUCED

337 person is a resident, owner of property, taxpayer, or elector
338 in or of any authorizing subdivision or the state; provided,
339 however, board membership shall be inclusive and reflect the
340 racial, gender, geographic, and economic diversity of the
341 district.

342 (d) Each director of the district shall hold a place on
343 the board and shall be appointed for the term of the place by
344 the person or persons, which may include the board, any
345 natural person, any corporate person, any public entity, or
346 the state, having the authority and power of appointment of
347 the director for the place, as provided in the certificate of
348 incorporation of the district; provided, however, anything in
349 this act to the contrary notwithstanding, a majority of the
350 directors of the district must be appointed by one or more of
351 the authorizing subdivisions. Except as may be otherwise
352 provided in the certificate of incorporation of an innovation
353 district, an officer or employee of any authorizing
354 subdivision shall be eligible for appointment and may serve as
355 a member of the board for the first to expire of the term for
356 which the officer is appointed or the term thereof as an
357 officer of the authorizing subdivision.

358 (e) Each director may hold a place on the board for
359 successive terms without limit. If at the expiration of any
360 term of office of any director a successor has not been
361 appointed, the director whose term of office expired shall
362 continue to hold office until the successor is appointed by
363 the person or persons having the appointive power for the
364 place of that director. If at any time there is a vacancy on



SB242 INTRODUCED

365 the board, whether by death, resignation, incapacity,
366 disqualification, or otherwise, a successor director to serve
367 for the unexpired term applicable to the vacancy shall be
368 elected or appointed by the person or persons who appointed
369 the predecessor director.

370 (f) Each director shall serve as such without
371 compensation but shall be reimbursed for expenses actually
372 incurred by the director while conducting his or her official
373 duties.

374 (g) The board may hold regular and special meetings as
375 the board determines or as provided in the bylaws of the
376 board. Any member of the board, any provision of law to the
377 contrary notwithstanding, may attend and participate in, and
378 constitute part of the quorum for, any regular or special
379 meeting of the board in person or by means of telephone
380 conference, video conference, or similar communications
381 equipment that allows all participants in the meeting to hear
382 each other at the same time; provided, every meeting shall
383 have one physical location available in an authorizing
384 subdivision for individuals wishing to be physically present,
385 and any vote taken at a meeting using the foregoing
386 communication equipment shall be taken by roll call vote that
387 allows each participant to vote individually in a manner
388 audible to all participants. The board may take any action at
389 any regular or special meeting. A majority of the directors
390 present, in person or by electronic or telephonic
391 communications, at a meeting shall constitute a quorum for the
392 exercise of any authority or power of the board. Any meeting



SB242 INTRODUCED

393 of the board may be adjourned from time to time by a majority
394 of the directors present or may be so adjourned by a single
395 director if the director is the only director present at the
396 meeting. No vacancy in the membership of the board or the
397 voluntary disqualification or abstention of any member of the
398 board shall impair the right of a quorum to exercise all the
399 powers and perform all the duties of the board at a regular or
400 special meeting. The secretary of the district shall reduce to
401 writing and maintain in a permanent record all proceedings and
402 resolutions of the board. Copies of the proceedings, when
403 certified by the secretary of the district, shall be received
404 in all courts as prima facie evidence of the matters and
405 things therein certified.

406 (h) The determinations set forth in a resolution of the
407 board, including the determination that an activity, facility,
408 or undertaking, or application of funds or tax proceeds,
409 including any special public revenues, under control of the
410 board constitutes a "project" or are otherwise in furtherance
411 of the purposes of this chapter, shall constitute a
412 legislative act by the board under state law to the same
413 extent as would similar action by a subdivision and shall be
414 subject to judicial review as provided and limited by law for
415 judicial review of legislative acts and determinations by a
416 subdivision.

417 (i) If a matter comes before the board with respect to
418 which any director, any related party, including a sibling,
419 spouse, or lineal descendant, or any business enterprise with
420 which the director is associated, has any direct or indirect



SB242 INTRODUCED

421 pecuniary interest, the director shall immediately disclose
422 the interest to the board and remove himself or herself and
423 withdraw from the meeting prior to the consideration,
424 deliberation, and voting on the matter by the board.

425 (j) The district and the directors, officers,
426 employees, and agents of the district shall have the same
427 immunity from liability as a municipality and its officers,
428 employees, and agents. No action or suit shall be brought or
429 maintained against the district or any director thereof for or
430 on account of the negligence of the district or director or
431 the district's or director's agents, servants, or employees,
432 relating to the construction, acquisition, installation,
433 maintenance, operation, superintendence, or management of any
434 project or facility of the district. No civil action may be
435 maintained against an appointing subdivision, its officers,
436 servants, employees, or agents relating to an innovation
437 district's acquisition, construction, ownership, maintenance,
438 operation, or management of any project, facility, or other
439 improvement.

440 (k) Any director may be removed from office in the same
441 manner and on the same grounds provided in the state
442 constitution and the general laws of the state for impeachment
443 and removal of officers.

444 Section 5. Officers of District.

445 The officers of an innovation district shall consist of
446 a chair, a vice chair, a secretary, a treasurer, and such
447 other officers as its board deems necessary or desirable. The
448 offices of secretary and treasurer may be held by the same



SB242 INTRODUCED

449 individual. The chair and vice chair of an innovation district
450 shall be elected by the board from the board membership. The
451 secretary, the treasurer, and any other officers of the
452 district may but need not be members of the board and shall
453 also be elected by the board. The chair, vice chair, and
454 secretary of the district shall also be the chair, vice chair,
455 and secretary of the board, respectively.

456 Section 6. Powers of District.

457 Each district shall have all of the following stated
458 powers together with all powers incidental to these powers and
459 necessary to effect the proper exercise of the district:

460 (1) To have succession in its corporate name for the
461 duration of the district specified in the certificate of
462 incorporation.

463 (2) To sue and be sued in its own name in civil suits
464 and actions and to defend suit against the district.

465 (3) To adopt and make use of a corporate seal and to
466 alter the seal as necessary.

467 (4) To adopt, alter, and repeal bylaws, regulations,
468 and rules, not inconsistent with the provisions of this act,
469 for the regulation and conduct of its affairs and business.

470 (5) Notwithstanding Chapter 1B of Title 18 of the Code
471 of Alabama 1975, to acquire real property, whether by gift,
472 purchase, transfer, foreclosure, lease, devise, exercise of
473 the power of eminent domain in the manner provided by law,
474 including, Chapter 1A of Title 18 of the Code of Alabama 1975,
475 or otherwise, and to construct, improve, operate, maintain,
476 equip, and furnish the property and interests in property as



SB242 INTRODUCED

477 the board determines to be necessary for the purposes of the
478 district, which property may be located in any subdivision in
479 the state without regard to whether the subdivision is an
480 authorizing subdivision with respect to the district;
481 provided, however, the district shall not be authorized to
482 condemn any property or interests in property held by
483 utilities or other entities engaged in the generation,
484 transmission, or distribution of communications, gas,
485 electricity, water, sewer, or other utility products or
486 services.

487 (6) To lease all or any part of any property upon such
488 terms and conditions as its board determines necessary or
489 desirable.

490 (7) To convey any property of the district with or
491 without valuable consideration as the board shall determine.

492 (8) To enter into a management contract or contracts
493 with any person or persons of all or any part of its property
494 as may in the judgment of such district be necessary or
495 desirable in order to perform more efficiently or economically
496 any function for which the district may become responsible in
497 the exercise of the powers conferred upon it by this act.

498 (9) To procure insurance against any loss in connection
499 with its property and other assets in such amounts and from
500 such insurers as its board determines to be necessary or
501 desirable.

502 (10) To fix and revise, and charge and collect, fees,
503 licenses, rates, and rentals for services rendered by the
504 district, or for the use of any property of the district, and



SB242 INTRODUCED

505 to apply the proceeds thereof for any lawful purpose of the
506 district.

507 (11) To the extent authorized or permitted by the state
508 constitution, to grant, lend, or donate, or otherwise make
509 available to any person or persons any funds, money, revenues,
510 including, but not limited to, any special public revenues, or
511 other property of the district upon such terms as the board
512 shall determine.

513 (12) To the extent authorized or permitted by the state
514 constitution, to assume, incur, or issue any financial
515 obligation or financial obligations for any lawful purpose, as
516 more particularly provided in this act.

517 (13) To pledge for the benefit of any financial
518 obligation of the district any revenues, including, but not
519 limited to, any special public revenues or proceeds of any
520 special tax to which it may be entitled, from which the
521 financial obligation is payable, and to mortgage or pledge its
522 property and revenues, or any portion thereof, as further
523 provided in this act.

524 (14) To assume obligations secured by a lien on, or
525 secured by and payable out of or secured by a pledge of, any
526 property or part thereof or the revenues derived from any
527 property that may be acquired by the district.

528 (15) To make, enter into, and execute contracts,
529 agreements, leases, and other instruments, and to take such
530 other actions as may be necessary or convenient to accomplish
531 any purpose for which the district was organized or to
532 exercise any power granted under this act.



SB242 INTRODUCED

533 (16) To enter into contracts with, to accept aid,
534 loans, and grants from, to cooperate with, and to take any
535 action not specifically prohibited by this act or other
536 applicable laws of the state that may be necessary in order to
537 obtain or secure the aid and cooperation of the United States,
538 the state, or any agency, department, instrumentality, or
539 political subdivision of either in furtherance of the purposes
540 of this act.

541 (17) To apply for, accept, receive, apply, disburse,
542 expend, and use to accomplish the purposes of this chapter any
543 money, property, labor, or other things of value, from any
544 source, including, without limitation, the state, any public
545 entity, and the United States, subject to any lawful condition
546 upon which the aid or contributions may be given or made.

547 (18) To abate, eliminate, or reduce the liability of
548 any taxpayer for the payment of any one or more of the
549 eligible taxes pursuant to such agreements, instruments, or
550 proceedings as the district determines shall be effective.

551 (19) To appoint, employ, contract with, and provide for
552 compensation of the employees and agents of the district
553 including, but not limited to, architects, engineers,
554 attorneys, accountants, investment advisors and financial
555 experts, fiscal agents, and such other advisors, consultants,
556 and agents as the board determines to be necessary or
557 desirable.

558 (20) To invest its monies, including, but not limited
559 to, the monies held in any special fund created pursuant to
560 any trust indenture or agreement or resolution securing any of



SB242 INTRODUCED

561 its financial obligations and proceeds from the sale of any
562 financial obligations not required for immediate use, in such
563 investments as are authorized by the laws of the state for the
564 investment of funds and money of a municipality.

565 (21) To acquire, create, establish, operate, or
566 support, or to participate as a member of, any corporate
567 person that will assist the district in, or which otherwise
568 has as a purpose of accomplishing the purposes of this act,
569 including, but not limited to, the support of any corporate
570 person by means of grants or loans of property or the issuance
571 of financial obligations for the benefit the corporate person.

572 (22) To exercise any authority or power that is granted
573 by state law to any public or private corporation which is not
574 in conflict with the purposes of this act.

575 (23) To do any and all things necessary or convenient
576 to carry out its purposes and to exercise its powers pursuant
577 to this act.

578 Section 7. Contributions and Application of Special
579 Public Revenues.

580 (a) Each authorizing subdivision of an innovation
581 district, anything in this act or state law to the contrary
582 notwithstanding, and to the extent permitted by the state
583 constitution, may pledge or assign any special public revenues
584 for the benefit of any district with respect to which it is an
585 authorizing subdivision by specific provision in the
586 authorizing resolution of the authorizing subdivision for the
587 district, which provision shall specify the officer of the
588 subdivision charged with performance of a pledge or assignment



SB242 INTRODUCED

589 and the liquidated amounts in which, and dates on which, the
590 special public revenues shall be delivered to the district in
591 performance of the pledge or assignment. The inclusion of a
592 description of the pledge or assignment of the special public
593 revenues in the certificate of incorporation of the district,
594 upon the incorporation of the district, shall constitute
595 acceptance of, and reliance by the district upon, the
596 continuing validity of the pledge or assignment of the special
597 public revenues. The pledge or assignment of the special
598 public revenues by the authorizing subdivision for the benefit
599 of the district shall constitute a contractual agreement
600 between the authorizing subdivision and the district and shall
601 be enforceable by the district by all remedies available at
602 law or in equity, including, but not limited to, an action for
603 mandamus in a court of competent jurisdiction.

604 (b) An innovation district may use the proceeds of any
605 special public revenues made available to the district,
606 subject to the terms and conditions upon the special public
607 revenues, for any lawful purpose the board of the district
608 determines to be in furtherance of the purposes of this act,
609 including, but not limited to, the gift, grant, guarantee,
610 loan, or other form of contribution of all or any part of the
611 special public revenues for the benefit of any person or
612 persons, and the pledge of all or any part of the special
613 public revenues for the benefit of any financial obligation or
614 financial obligations of the district.

615 Section 8. Financial Obligations of an Innovation
616 District.



SB242 INTRODUCED

617 (a) Each district shall have, and may exercise as
618 provided in Section 6(12), the authority and power to assume,
619 incur, or issue, at any time and from time to time, any
620 financial obligation or financial obligations, without
621 limitation as to aggregate principal amount, as the board
622 determines to be necessary or desirable for any lawful purpose
623 of the district, including, but limited to:

624 (1) Payment of the costs of a project;

625 (2) Payment, in whole or in part, in advance or at
626 stated maturity, of any financial obligation of the district;

627 (3) Provision for such reserves as may be required in
628 connection with the financial obligations;

629 (4) Payment of any extraordinary, nonrecurring
630 obligations, including, but not limited to, casualty losses,
631 legal judgments, and contractual termination payments;

632 (5) Payment of administration and operation of
633 projects; and

634 (6) Provision of funds to accomplish or effect any
635 purpose of this act.

636 (b) Each financial obligation of an innovation district
637 may be in such form and denomination and of such tenor and
638 maturity or maturities, shall be payable in lawful currency of
639 the United States in such installments as serial or term
640 obligations or a combination thereof, and at such time or
641 times, not exceeding 45 years from the date thereof, may be
642 payable at such place or places whether within or without the
643 state, may bear interest at such rate or rates payable at such
644 time or times and at such place or places and evidenced in



SB242 INTRODUCED

645 such manner, may be subject to prepayment or redemption in
646 advance of maturity at such price or prices and upon such
647 notice, terms, and conditions, and may contain such provisions
648 which are not in violation of this act, all as provided in the
649 applicable agreement, indenture, or resolution of the district
650 that has authorized the incurrence or issuance thereof.

651 (c) An innovation district may provide that any
652 financial obligation shall bear interest at a rate or rates
653 fixed to maturity at the time of issuance or at a rate or
654 rates which may be changed from time to time during the term
655 of the financial obligation in accordance with an objective
656 procedure determined by the board at the time of issuance of
657 the financial obligation or in connection with published
658 interest rates or indices that reflect an objective response
659 to market changes in interest rates by financial institutions,
660 governmental agencies, or other generally recognized public or
661 private sources of information concerning interest rates.

662 (d) An innovation district shall have the authority and
663 power to deliver and perform all agreements and contracts for
664 the services of paying agents and trustees with respect to
665 financial obligations incurred or issued under this act, for
666 the purchase of any financial obligations issued under this
667 act, and for the guarantee or insurance, pursuant to municipal
668 bond insurance policies, letters of credit, standby purchase
669 agreements, and other credit or liquidity facilities, of the
670 payment, when due, of the principal of, and premium and
671 interest on, any financial obligations so assumed, incurred,
672 or issued by the district pursuant to this act.



SB242 INTRODUCED

673 (e) An innovation district shall cause all financial
674 obligations assumed, incurred, or issued by the district to be
675 executed by manual or electronic signature of an officer or
676 officers as authorized and provided in the agreement,
677 indenture, or resolution of the district which authorized the
678 financial obligation. A statement upon the signature page of a
679 financial obligation of an innovation district that the
680 financial obligation was issued under the seal of the district
681 shall be conclusive for all purposes of state law. A financial
682 obligation that has been executed by an officer or officers in
683 office on the date of the execution shall be valid and
684 enforceable, notwithstanding that before delivery of the
685 financial obligation, any such officer whose signature appears
686 thereon has ceased to hold such office.

687 (f) All financial obligations incurred or issued
688 pursuant to this act by an innovation district may be sold at
689 private or public sale at such price or prices and in such
690 manner as the board shall determine.

691 (g) Each financial obligation of an innovation district
692 is hereby made a negotiable instrument for all purposes;
693 anything in state law, including, but not limited to, the
694 Alabama Uniform Commercial Code, to the contrary
695 notwithstanding and without regard to whether the financial
696 obligation is of such form and character as to be a negotiable
697 instrument under state law; provided, however, the district,
698 in its discretion, may provide that any particular financial
699 obligation shall not be negotiable or may be negotiable only
700 upon such terms as the district shall proscribe.



SB242 INTRODUCED

701 (h) (1) The district shall apply the proceeds of any
702 financial obligation solely for the purposes for which the
703 financial obligation has been incurred or issued, including,
704 but not limited to, payment of the costs of incurrence or
705 issuance of the financial obligations, including, but not
706 limited to: (i) fees and expenses of attorneys, accountants,
707 financial advisors, consultants, trustees and paying agents,
708 and underwriters; and (ii) the costs of municipal bond
709 insurance policies, letters of credit, and such other credit
710 or liquidity facilities which provide for payment when due of
711 all or part of the principal of, and premium and interest on,
712 the financial obligations.

713 (2) The district may deposit in trust the proceeds of
714 any financial obligation incurred or issued for payment of
715 another financial obligation of the district, on such terms as
716 the board approves, with a financial institution having trust
717 powers within or without the state. The proceeds, to the
718 extent required by the terms of and purpose of such trust, may
719 be invested as provided for public funds of a municipality.

720 (i) The financial obligations of any district shall be
721 legal investments in which the state and its agencies and
722 instrumentalities, all subdivisions and public corporations
723 organized under the laws of the state, all insurance companies
724 and associations and other persons carrying on an insurance
725 business, all banks, savings banks, savings and loan
726 associations, trust companies, credit unions, and investment
727 companies of any kind, all administrators, guardians,
728 executors, trustees, and other fiduciaries, and all other



SB242 INTRODUCED

729 persons whosoever are now or may hereafter be authorized to
730 invest in financial obligations or other obligations of the
731 state, may properly and legally invest funds in their control
732 or belonging to them.

733 (j) The validity of any financial obligation that
734 states therein that it is issued pursuant to this act, in any
735 action or proceeding involving the validity thereof, shall be
736 incontestable, and the financial obligation shall be
737 conclusively deemed to be the valid financial obligation of
738 the applicable district enforceable by all rights and remedies
739 available at law or in equity under state law.

740 Section 9. Sources of Payment of, and Security for,
741 Financial Obligations of an Innovation District.

742 (a) Each financial obligation or obligations of an
743 innovation district shall be a limited obligation of the
744 district payable solely from the sources of payment specified
745 therein, subject to such limitations and provisions thereof,
746 including, but not limited to, the issuance of financial
747 obligations payable from the same source of funds on an equal
748 and proportionate basis or on a subordinate basis, as the
749 district may determine.

750 (b) The district may assign, mortgage, or pledge any
751 property of the district to secure the payment and performance
752 of any financial obligation of the district; provided, the
753 district, in its discretion, may provide property as security
754 for any one or more financial obligations of the district
755 without, to the extent permitted by any applicable contractual
756 agreements, provision of the same or any other any property as



SB242 INTRODUCED

757 security for any other financial obligation or obligations of
758 the district. In furtherance of this subsection, the district
759 may deliver a contractual agreement to, or for the benefit of,
760 the owner or owners of any financial obligation of the
761 district, which agreement may contain such agreements,
762 conditions, covenants, provisions, and terms as the district
763 may determine to be necessary or desirable to provide for the
764 protection and security of the owners of the financial
765 obligations, including, but not limited to, restrictions on
766 the use of the property of the district and the incurrence of
767 additional financial obligations of the district, the terms
768 for amendment, with and without the consent of the owner or
769 owners, of the financial obligations and the documents
770 pursuant to which such financial obligations were incurred or
771 issued, providing for the rights, duties, and authority of a
772 trustee, and providing for the exercise of legal and equitable
773 rights and remedies by such owner or owners.

774 (c) Any assignment, mortgage, or pledge of property by
775 the district for the benefit of any financial obligation shall
776 be effective, valid, and binding from the time the assignment,
777 mortgage, or pledge is made, and the property subject thereto
778 shall immediately, or as soon thereafter as the district
779 obtains any right thereto or interest therein, be subject to
780 the assignment, mortgage, or pledge without physical delivery
781 of the subject property or any agreement, document, or
782 instrument providing therefor, or any further act, and the
783 encumbrance and lien of any such assignment, mortgage, or
784 pledge shall be effective, valid, and binding as against all



SB242 INTRODUCED

785 persons having claims of any kind in tort, contract, or
786 otherwise against the district, irrespective of whether such
787 persons have actual notice thereof, from the time notice of
788 the assignment, mortgage, or pledge is filed for record: (i)
789 in the office of the judge of probate in which the certificate
790 of incorporation of the district was filed for record; and
791 (ii) in the case of any assignment, mortgage, or pledge of any
792 tangible property, whether real, personal, or mixed, in the
793 office of the judge of probate of the county in which the
794 property is or is to be located pursuant to any agreement made
795 by the district with any person respecting the location and
796 use of the property. The notice shall contain a statement of
797 the existence of any such assignment, mortgage, or pledge, a
798 description of the subject property, and a description of the
799 financial obligations secured thereby, all in terms sufficient
800 to give notice to a reasonably prudent person of the existence
801 and effect of any such assignment, mortgage, or pledge;
802 provided, the notice may be in form of: (i) a summary
803 statement; or (ii) an executed counterpart of the agreement,
804 document, or instrument which contains the assignment,
805 mortgage, or pledge. The recording of the notice shall operate
806 as constructive notice of the contents thereof.

807 (d) All financial obligations assumed, incurred, or
808 issued by an innovation district shall be solely and
809 exclusively an obligation of the district and shall not create
810 a direct, indirect, or contingent obligation or pecuniary
811 liability, or general obligation, or charge against the
812 general assets, credit, funds, property, revenues, or taxing



SB242 INTRODUCED

813 power of the state or any subdivision, including, but not
814 limited to, any authorizing subdivision.

815 (e) The owner or owners of any financial obligation or
816 financial obligations of the district shall have no recourse
817 against any incorporator, or any past, present, or future
818 director, officer, employee, or agent of the district, or of
819 any successor thereof, for the payment of any amount which
820 shall have become due and payable under the financial
821 obligation or financial obligations or for the payment or
822 performance of any agreement, document, or instrument pursuant
823 to which the financial obligation or financial obligations
824 were assumed, incurred, or issued by which the financial
825 obligation or financial obligations shall be secured.

826 Section 10. Validation of Financial Obligations of an
827 Innovation District.

828 (a) An innovation district shall constitute a "unit"
829 for purposes of Article 17 of Chapter 6 of Title 6 of the Code
830 of Alabama 1975. An innovation district, in the determination
831 of the board, may file a petition with respect to any
832 financial obligation or financial obligations thereof pursuant
833 to Article 17 of Chapter 6 of Title 6 of the Code of Alabama
834 1975.

835 (b) (1) An innovation district, in the determination of
836 the board and upon the adoption by the board of a resolution
837 providing for the issuance of financial obligations, may cause
838 a notice respecting the issuance of the financial obligations
839 to be published once a week for two consecutive weeks in each
840 county in which shall be located any project financed or in



SB242 INTRODUCED

841 any way assisted by the issuance of the financial obligations.
842 The publication in each such county shall be in a newspaper
843 having general circulation therein and shall be in
844 substantially the following form (the blanks being properly
845 filled in) at the end of which shall be printed the name and
846 title of either the chair or secretary of the district:
847 " _____, a public corporation and
848 instrumentality of the State of Alabama, on the _____ day of
849 _____, authorized the issuance of \$ _____ principal
850 amount of _____ (identification of the
851 obligation) of the said public corporation for purposes
852 authorized in the act of the Legislature of Alabama under
853 which the public corporation was organized. Any action or
854 proceeding questioning or contesting the validity of the said
855 financial obligations, or the instruments securing the same,
856 or the proceedings authorizing the same, must be commenced on
857 or before _____ (here insert date determined in
858 accordance with the provisions of the next paragraph of this
859 section."

860 (2) The date stated in the notice as the date on or
861 before which any action or proceeding questioning or
862 contesting the validity of the financial obligations referred
863 to in the notice must be commenced shall be a date at least 30
864 days after the date on which occurs the last publication of
865 the notice necessary for it to have been published at least
866 once in all counties in which it is required to be published.
867 Any action or proceeding in any court to set aside or question
868 the proceedings for the issuance of the financial obligations



SB242 INTRODUCED

869 referred to in the notice or to contest the validity of any
870 such financial obligations, or the validity of any instruments
871 securing the same, must be commenced on or before the date
872 determined in accordance with the preceding sentence and
873 stated in the notice as the date on or before which any such
874 action or proceeding must be commenced. After that date, no
875 right of action or defense shall be asserted questioning or
876 contesting the validity of the financial obligation or the
877 instruments securing the same, or the proceedings authorizing
878 the same, nor shall the validity of such financial obligations
879 or such instruments or proceedings be open to question in any
880 court on any ground whatsoever, except in an action or
881 proceeding commenced on or before that date.

882 Section 11. Special Authority of Public Persons to
883 Support Districts.

884 (a) In furtherance of the public purposes of this
885 chapter, the state and any public entity, upon such terms and
886 with or without consideration as it may determine and in
887 compliance with the state constitution, may undertake any of
888 the following for the benefit of any district, without regard
889 to whether any public entity may be an authorizing subdivision
890 with respect to the district or may have a project located or
891 undertaken within the jurisdiction thereof:

892 (1) Donate, grant, loan, or pledge to, or for the
893 benefit of, any district any funds, revenues, or tax proceeds
894 of the public entity;

895 (2) Perform services for the benefit of any district;

896 (3) Pay, commit to pay, or guarantee, on a continuing



SB242 INTRODUCED

897 basis by contractual agreement, the payment when due of all or
898 any part of the principal of, and premium and interest on, any
899 financial obligation of an innovation district for such
900 period, including the period ending on the stated maturity of
901 the financial obligation, as the public entity may determine;

902 (4) Donate, sell, convey, transfer, lease, or grant any
903 property to any district without the necessity of
904 authorization at any election of qualified voters of the
905 public entity;

906 (5) Do any and all things, whether or not specifically
907 authorized in this act, not otherwise prohibited by law, that
908 are necessary or desirable to aid and cooperate with any
909 district with respect to any project or in furtherance of the
910 public purposes of this act.

911 (b) The state and each public entity may assume, incur,
912 or issue, by private or public sale in compliance with
913 applicable state law and the state constitution, any financial
914 obligation, as a general, limited, or special obligation
915 thereof, to provide funds for any purpose of this section.

916 (c) The state and each public entity shall cause each
917 contractual agreement or instrument delivered for any purpose
918 in subsection (a) to provide for, or set forth, in the
919 agreement or instrument: (i) the purpose of the agreement; and
920 (ii) the authorization and direction of a specific officer or
921 officers, by title or office, of the public entity to pay any
922 pecuniary obligation of the public entity in lawful currency
923 of the United States and in liquidated amounts when due on a
924 date or dates certain, which amounts and dates of payment may



SB242 INTRODUCED

925 be set forth in the agreement or instrument, or schedule
926 thereto, or incorporated therein by specific reference.

927 (d) With specific regard to the state, the Governor or
928 his or her designee shall have the express authority to enter
929 into any contractual agreement or instrument, exercising the
930 state's authority hereunder.

931 (e) Any court in the state having competent
932 jurisdiction shall issue mandamus for the payment of any
933 pecuniary obligation of the state or a public entity in a
934 contractual agreement or instrument delivered pursuant to this
935 section upon proper proof of nonpayment thereof, or failure of
936 compliance with the provisions of law with respect thereto,
937 being furnished by, or on behalf of, the district or any
938 beneficiary of the pecuniary obligation of the state or the
939 public entity under the contractual agreement or instrument.

940 Section 12. Audited Financial Statements.

941 (a) An innovation district shall be required to produce
942 audited financial statements from a certified public
943 accountant, or a firm thereof, regularly engaged in the
944 auditing of financial records, or an auditor who is regularly
945 employed by the Department of Examiners of Public Accounts,
946 for each fiscal year and, when available, deliver the audited
947 financial statements to each public entity that financially
948 supports the district, if the district: (i) receives any
949 special public revenues; (ii) receives any funds, proceeds, or
950 revenues from any public entity; or (iii) issues any financial
951 obligation.

952 (b) For purposes of this section, the person conducting



SB242 INTRODUCED

953 an audit pursuant to subsection (a) must be a person who: (i)
954 is in fact independent; (ii) does not have any direct
955 financial interest or any material indirect financial interest
956 in the district; and (iii) is not connected with the district
957 or any officer, employee, promoter, underwriter, trustee,
958 partner, director, or person performing similar functions.

959 Section 13. Exemption of District from Taxation.

960 Each district, and the projects thereof, shall be
961 exempt from all fees, charges, and taxes levied by any judge
962 of probate or taxing authority of the state, including, but
963 not limited to, ad valorem taxes, privilege, license, and
964 excise taxes, occupational taxes, business license taxes, and
965 recording fees and taxes. The property and income of any
966 district, all financial obligations of an innovation district,
967 the income and interest from the financial obligations,
968 conveyances by or to an innovation district, and leases,
969 mortgages, and deeds of trust or trust indentures by or to an
970 innovation district, shall be exempt from all taxation in the
971 state.

972 Section 14. Exemption of District from Usury and
973 Interest Laws.

974 Each district and the contractual agreements and
975 financial obligations of the district shall be exempt from
976 state laws governing usury or prescribing or limiting interest
977 rates, including, but not limited to, Chapter 8 of Title 8 of
978 the Code of Alabama 1975.

979 Section 15. Exemption of District from Competitive Bid
980 Laws.



SB242 INTRODUCED

981 Each district and all contractual agreements made by
982 the district shall be exempt from state laws requiring
983 competitive bids for any contract to be entered into by any
984 public entity, including, but not limited to, Chapter 2 of
985 Title 39 and Article 3 of Chapter 16 of Title 41, of the Code
986 of Alabama 1975.

987 Section 16. Exemption of District from State Oversight.

988 Except as provided in this act, an innovation district
989 shall not be required to obtain the approval or consent of, or
990 make any filing with, or provide notice to the state or any
991 state agency, department, or other instrumentality of the
992 state, with respect to the incorporation or the amendment of
993 the certificate of incorporation of the district, or the
994 exercise of any authority or power provided in this act or
995 permitted under state law.

996 Section 17. Applicability of Certain State Laws.

997 (a) An innovation district shall be subject to Chapter
998 25 of Title 36 of the Code of Alabama 1975, but board members
999 shall not be required to file a statement of economic
1000 interests under Section 36-25-14 of the Code of Alabama 1975,
1001 or any successor to that law.

1002 (b) Except as otherwise provided in this act, an
1003 innovation district shall be subject to the Alabama Open
1004 Meetings Act, Chapter 25A of Title 36 of the Code of Alabama
1005 1975.

1006 Section 18. District shall be Nonprofit Corporation.

1007 An innovation district shall be a nonprofit
1008 corporation, and no part of an innovation district's net



SB242 INTRODUCED

1009 earnings remaining after payment of its expenses shall inure
1010 to the benefit of any individual, firm, or corporation, except
1011 that in the event a board shall determine that sufficient
1012 provision has been made for the full payment of the expenses,
1013 financial obligations, and other obligations of an innovation
1014 district, then any portion, as determined by the board, of the
1015 net earnings of an innovation district thereafter accruing, in
1016 the discretion of the board, may be paid to one or more of the
1017 district's authorizing subdivisions.

1018 Section 19. Dissolution of District; Vesting of Title
1019 to Property of District.

1020 At any time when an innovation district has no
1021 financial obligations or other executory agreements
1022 outstanding, its board may adopt a resolution, which shall be
1023 duly entered upon its minutes, declaring that the district
1024 shall be dissolved. Upon filing for record of a certified copy
1025 of the resolution in the office of the judge of probate with
1026 which the district's certificate of incorporation is filed,
1027 the district shall thereupon stand dissolved, and in the event
1028 the district owned any property at the time of the
1029 dissolution, the title to all its properties, subject to the
1030 state constitution, thereupon shall vest in the district's
1031 authorizing subdivision, or if the district has more than one
1032 authorizing subdivision, in the district's authorizing
1033 subdivisions as tenants in common.

1034 Section 20. Incorporation of Multiple Districts by Same
1035 Authorizing Subdivision.

1036 The existence of an innovation district incorporated



SB242 INTRODUCED

1037 under this act shall not prevent the subsequent incorporation
1038 under this act of another district pursuant to authority
1039 granted by the same authorizing subdivision.

1040 Section 21. Cumulative Effect of Chapter.

1041 The provisions of this chapter are cumulative and shall
1042 not be deemed to repeal existing laws; provided, however, the
1043 provisions of this act shall supersede any other laws to the
1044 extent the laws are clearly inconsistent with the provisions
1045 of this act.

1046 Section 22. This act shall become effective on June 1,
1047 2024.