

HB311 INTRODUCED



1 HB311
2 GFQHCC6-1
3 By Representative Wilcox
4 RFD: Economic Development and Tourism
5 First Read: 20-Feb-25



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SYNOPSIS:

Under existing law, an improvement district is authorized to levy an assessment on property within the district to fund a public infrastructure improvement project. If a property owner fails to pay the assessment, the board of the improvement district may commence an action to foreclose on the property.

This bill would provide for county revenue commissioners collecting reasonable compensation for preparing an assessment roll and facilitating collection.

This bill would treat the failure to pay an assessment by an improvement district in the same manner as a tax lien to be collected and enforced by the county revenue commissioner.

This bill would also repeal the provision authorizing an improvement district to bring a judicial proceeding to foreclose on a property when the owner fails to pay the assessment levied by an improvement district.

A BILL
TO BE ENTITLED
AN ACT



HB311 INTRODUCED

29
30 Relating to Alabama Improvement Districts; to amend
31 Section 11-99A-14, Code of Alabama 1975, to provide further
32 for enforcing and collecting assessments levied by improvement
33 districts; to authorize county revenue commissioners to
34 collect reasonable compensation; and to repeal Section
35 11-99A-21, Code of Alabama 1975, authorizing foreclosures for
36 failure to pay assessments in certain circumstances.

37 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

38 Section 1. Section 11-99A-14, Code of Alabama 1975, is
39 amended to read as follows:

40 "§11-99A-14

41 (a) Each assessment shall constitute a lien on the
42 property assessed in the amount of the assessment with respect
43 to that parcel of land, as provided in the final assessment,
44 ~~forecloseable as provided in this chapter.~~ The assessment
45 shall be enforced with the same priority, procedures, and
46 remedies as state, county, and municipal taxes, including tax
47 lien sales and foreclosure proceedings, and shall be levied,
48 collected, and enforced in the same manner as ad valorem
49 taxes. The assessment shall be payable either within 30 days
50 after the final assessment or over such term as may be
51 determined by the board. If the assessment is to be paid over
52 a term, the assessment shall accrue interest and be payable
53 periodically, monthly, quarterly, semiannually, annually, or
54 as otherwise provided by the board, with interest at a rate as
55 may be considered reasonable by the board. In particular, the
56 assessment may bear interest at the same rate or yield borne



HB311 INTRODUCED

57 by the bonds issued to obtain funds to acquire, construct, or
58 install the improvements, but interest may be at a higher rate
59 in the discretion of the board. Once the amount of a final
60 assessment allocated with respect to a tract is paid in full,
61 with all interest and penalties and costs of collection, if
62 any, such tract shall be released from the lien of the
63 assessment.

64 (b) The proceedings by which an assessment is levied
65 may provide for an increased interest rate with respect to any
66 interest accruing on any payment after the due date thereof.

67 (c) In its proceedings, the board may specify that
68 assessments may be prepaid at any time or circumstance. The
69 board may specify that assessments be prepaid upon the sale of
70 the tract of land, or a portion thereof, being assessed. If
71 the obligation to pay is accelerated, the assessment shall
72 include all principal of the assessment then unpaid, plus
73 interest until the next date provided for the payment of
74 principal on any bonds secured by a pledge of the assessments,
75 unless otherwise provided in the proceedings pursuant to which
76 the bonds are issued.

77 (d) Unless otherwise provided in the proceedings of the
78 board with respect to the assessment, any assessment may be
79 voluntarily prepaid by the owner of the land assessed. In that
80 case, the amount prepaid shall be applied first to interest
81 until the first following date on which principal may be paid
82 under the bond, and then to principal. However, if provided in
83 the proceedings of the board with respect to the assessment,
84 prepayments, whether voluntary or mandatory, the amount



HB311 INTRODUCED

85 prepaid may be applied only to interest accrued to the date of
86 the prepayment, and then to principal.

87 (e) Alternatively, the proceedings of the board with
88 respect to the assessment may provide that prepayment shall be
89 applied first to accrued interest, and then to the difference
90 between: ~~(1)~~ (i) interest that will accrue from the date of
91 prepayment until the next principal payment on the bonds~~;~~ and
92 ~~(2)~~ (ii) the rate of interest at which the principal paid may
93 be invested by the board to earn interest from the date of
94 prepayment until the principal payment date, with any
95 remaining balance to be applied to principal.

96 (f) The proceedings of the board with respect to the
97 assessment may provide that any mandatory prepayment may be
98 waived by the board on the terms as may be provided in a
99 proceeding.

100 (g) If bonds are issued with respect to the final
101 assessment, the assessments shall either: ~~(1)~~ (i) total the
102 principal amount of the bonds to be issued with respect to the
103 assessments; or ~~(2)~~ (ii) total such principal amount multiplied
104 by a coverage ratio (e.g., 1.2 to 1) providing debt service
105 coverage for the bonds in the ratio desired by the board.

106 (h) The respective county revenue commissioner shall
107 charge a reasonable fee for the collection of an improvement
108 district assessment."

109 Section 2. Section 11-99A-21, Code of Alabama 1975,
110 authorizing the board of an improvement district to bring a
111 cause of action to foreclose on a property whose owner fails
112 to pay an assessment for costs of improvements, is repealed.



HB311 INTRODUCED

113 Section 3. This act shall become effective on October
114 1, 2025.