

**SB322 ENGROSSED**



1 SB322  
2 HG9FR68-2  
3 By Senators Waggoner, Gudger  
4 RFD: Fiscal Responsibility and Economic Development  
5 First Read: 09-Apr-25



## SB322 Engrossed

A BILL  
TO BE ENTITLED  
AN ACT

Relating to community development districts; to amend Sections 35-8B-1 and 35-8B-2, Code of Alabama 1975, as last amended by Act 2024-365 of the 2024 Regular Session, to authorize the annexation of a certain type of community development district by a wet municipality in the county where the district is situated; and to further provide for the establishment of a certain type of community development district.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 35-8B-1 and 35-8B-2, Code of Alabama 1975, as last amended by Act 2024-365 of the 2024 Regular Session, are amended to read as follows:

"§35-8B-1

(a)(1) "Community development district" means a private residential development that meets all of the following criteria:

a. Is a size of at least 250 acres of contiguous land area.

b. Has at least 100 residential sites, platted and recorded in the probate office of the county as a residential



## SB322 Engrossed

subdivision.

c. Has streets that were or will be built with private funds.

d. Has a social club with all of the following:

1. An 18-hole golf course of regulation size.

2. A restaurant or eatery used exclusively for the purpose of preparing and serving meals, with a seating capacity of at least 60 patrons.

3. Social club memberships with at least 100 paid-up members who have paid a membership initiation fee of not less than two hundred fifty dollars (\$250) per membership.

4. Membership policies whereby membership is not denied or impacted by an applicant's race, color, creed, religion, or national origin.

5. A full-time management staff for the social activities of the club, including the management of the premises where food and drink are sold.

(2) The sale of any alcoholic beverages in any community development district established under this subsection shall be subject to a tax levied by the county on any sale at the same rate as the tax on any sale of liquor in the largest municipality in the county in which the district is established and shall be distributed as provided in Section 35-8B-5.

(b) "Community development district" also means privately owned property used for social purposes that meets all of the following criteria:

(1) Is a size of at least 250 acres of contiguous land



## SB322 Engrossed

57 area.

58 (2) Is located in a dry county that has one or more wet  
59 municipalities, but outside the corporate limits of any  
60 municipality.

61 (3) Is a social club with all of the following:

62 a. An 18-hole golf course of regulation size.

63 b. A marina and boat storage facility with at least 35  
64 spaces.

65 c. A clubhouse with more than 20,000 square feet.

66 d. A restaurant or eatery used exclusively for the  
67 purpose of preparing and serving meals, with a seating  
68 capacity of at least 88 patrons.

69 e. At least 600 paid-up golf or social members who have  
70 paid a membership initiation fee of not less than two thousand  
71 dollars (\$2,000) per family or individual membership.

72 f. Membership policies whereby membership is not denied  
73 or impacted by an applicant's race, color, creed, religion, or  
74 national origin.

75 g. A full-time management staff for the social  
76 activities of the club, including the management of the  
77 premises where food and drink are sold.

78 (c) In addition to the limitations specified in Section  
79 35-8B-3, with regard to a community development district  
80 defined in subsections (a) and (b), alcoholic beverages shall  
81 be sold only for on-premises consumption, as defined in  
82 Section 35-8B-3(a)(3), and in regard to a community  
83 development district defined in subsection (b), alcoholic  
84 beverages shall not be sold within 3,000 feet of the south



## SB322 Engrossed

85 right-of-way of any state or federal highway adjacent to any  
86 such district.

87 (d) (1) "Community development district" also means a  
88 private residential development that may or may not include  
89 additional contiguous privately-owned property used for  
90 residential, social, commercial, or charitable purposes that  
91 meets all of the following criteria:

92 a. Is the size of at least 650 acres of contiguous land  
93 area, but may also contain noncontiguous land if so divided by  
94 a public highway which shall be made part of the district per  
95 the articles of establishment.

96 b. Is located in a dry county that has one or more wet  
97 municipalities, but may be outside the corporate limits of any  
98 municipality or within the corporate limits of a municipality.

99 c. Has all of the following:

100 1. At least a 9-hole golf course.

101 2. An amenity complex to include a fitness center and a  
102 swimming pool.

103 3. A clubhouse with at least 7,000 square feet.

104 4. A restaurant or eatery used for the purpose of  
105 preparing and serving meals, with a seating capacity of at  
106 least 50 patrons.

107 5. A recreational lake of at least 30 acres.

108 6. At least 200 paid-up golf or club memberships paid  
109 initially by either the developer, residential landowners, or  
110 commercial entities located within the district at the rate of  
111 at least five hundred dollars (\$500) per membership provided  
112 the developer reserves the right through residential and



## SB322 Engrossed

commercial lease and purchase agreements to require additional membership and initiation fees and further provided the developer has the discretion to restrict use of the golf course to district landowners and guests or at the developer's discretion to extend use of the golf course to the general public subject to fees set and determined by the developer which may differ from fees applicable to residential and commercial lease and purchase agreements.

7. Membership policies whereby membership is not denied or impacted by an applicant's race, color, religion, or national origin.

d. May include a multi-purpose use entertainment facility with a minimum capacity to accommodate at least 7,500 patrons.

e. May include commercial establishments.

(2) Notwithstanding any other provisions of law, the sale and distribution of alcoholic beverages, including draft or keg beer, by licensees of the Alcoholic Beverage Control Board shall be authorized in a community development district defined under this subsection, and Section 35-8B-3 shall not apply.

(e) "Community development district" also means a commercial district located in a wet county that does not authorize Sunday sales and outside the corporate limits and police jurisdiction of any municipality and which has a restaurant with a seating capacity of at least 120, a grocery-delicatessen, riding stables and riding trails, a community information center, outdoor programming activities,



## SB322 Engrossed

141 and rural lifestyle demonstrations.

142 (f) "Community development district" also means a  
143 commercial district located in a wet county that does not  
144 authorize Sunday sales, has a restaurant with a seating  
145 capacity of at least 120, is adjacent to a marina with at  
146 least 34 boat slips, and is located on property where the  
147 marina and restaurant are under common ownership.

148 (g) "Community development district" also means a  
149 commercial district that includes a marina located on a river  
150 in an unincorporated area of a wet county that does not  
151 authorize seven-day sales with two separate food and beverage  
152 buildings with a combined space of at least 7,500 square feet  
153 connected by a boardwalk and separated by a patio with an  
154 entertainment stage.

155 (h) "Community development district" also means a  
156 commercial district located in a dry county that shares a  
157 geographic border with another state, has an elevation of at  
158 least 1,500 feet, and has a recreational waterway, specialty  
159 shops and restaurants, summer camps and retreat centers, an  
160 art gallery, and annual festivals showcasing the area.

161 (i) (1) "Community development district" also means a  
162 commercial district that borders on a lake that is formed by  
163 an impounded reservoir of a river whose source is in a federal  
164 wilderness area and has a marina with not less than 30 boat  
165 slips and a restaurant with seating capacity of not less than  
166 100 seats of which not less than 50 seats must be inside  
167 seating and is located on property where the marina and  
168 restaurant are under common ownership. In addition to any



## SB322 Engrossed

other requirements by law, the restaurant shall obtain a business license from the local governing body having primary jurisdiction of the property where the restaurant is located and shall be subject to additional regulation as determined necessary by the local governing body. Only one restaurant license per community development district shall be allowed.

(2) The sale of any alcoholic beverages in any community development district established under this subsection shall be subject to a tax levied by the county on any sale at the same rate as the tax on any sale of liquor in the largest municipality in the county in which the district is established and shall be distributed as provided in Section 35-8B-5.

(j) "Community development district" also means a parcel of real property that meets all of the following criteria:

(1) It is owned by the same person or entity.

(2) It consists of not less than 160 acres.

(3) It is located partially in a dry county and partially in a wet county.

(4) It contains a lake of not less than 70 acres with a fishing resort consisting of a rental boathouse, campsites, and a community room.

(k) "Community development district" also means a parcel of real property that meets all of the following:

(1) Consists of at least 1,600 acres.

(2) Holds concerts and other family-oriented events.

(3) Is located in a dry county with at least one wet





## SB322 Engrossed

197 municipality.

198 (1) "Community development district" also means a  
199 commercial district located in a wet county that does not  
200 authorize Sunday sales which district is composed of resort  
201 property consisting of 3,000 or more contiguous acres under  
202 common ownership, has a public golf course with a practice  
203 area and clubhouse, has a restaurant on the property, has  
204 overnight accommodations consisting of 40 or more guest  
205 suites, and has a shooting range.

206 (m) "Community development district" also means a  
207 parcel of land in a resort area consisting of a lodge for  
208 overnight accommodations and homesites that include vacation  
209 rentals and meets all of the following:

210 (1) The development was originally developed by  
211 entities owned by the same family.

212 (2) It consists of not less than 180 acres located in a  
213 dry county which borders an adjoining state and has an  
214 elevation of not less than 1,100 feet.

215 (3) It has a lodge providing overnight accommodations,  
216 including a dining facility with a seating capacity of not  
217 less than 50 which is open to the public.

218 (4) It contains a platted subdivision of not less than  
219 90 homesites, including homes available for vacation rental  
220 with plans for additional development.

221 (5) It is located on a bluff over the backwaters of a  
222 major river that flows through an adjoining state and flows  
223 through or borders on another adjoining state.

224 (n) "Community development district" also means a



## SB322 Engrossed

commercial district located in a wet county that does not authorize Sunday sales, has a restaurant with a seating capacity of at least 96 seats inside and 24 seats outside, is located on a lake and adjacent to docking facilities and boat slips for at least 24 boats, is licensed only to sell beer and wine, and is located on property where the restaurant and boat slips and docking facilities are under common ownership.

(o) "Community development district" also means privately owned property that meets all of the following criteria:

(1) It is used for social purposes.

(2) It is located in a dry county that has one or more wet municipalities, but outside the corporate limits of any municipality.

(3) It has a marina and a boat storage facility with at least 150 spaces.

(4) It has a shipstore with at least 2,200 square feet.

(5) It is adjacent to a lake of at least 100,000 acres.

(6) It has a restaurant or eatery used for the purpose of preparing and serving meals, with a seating capacity of at least 40 patrons.

(p) "Community development district" also means an area owned by an industrial development board located in a dry county with a wet municipality, but in a municipality that has more than 750 persons, according to the 2010 federal decennial census, and the property meets all of the following:

(1) The property is in a county bordering on two other states.



## SB322 Engrossed

253 (2) The property is on a bluff overlooking a river  
254 flowing through two adjoining states.

255 (3) The property would be used only for a hotel having  
256 not less than 50 rooms and a restaurant.

257 (q) (1) "Community development district" also means  
258 privately owned property that meets all of the following  
259 criteria:

260 a. It is located in a dry county that has one or more  
261 wet municipalities, but outside the corporate limits of any  
262 municipality.

263 b. It consists of at least 60 acres.

264 c. It has facilities on the property which employ a  
265 full-time management staff for the social activities of the  
266 facilities, including the management of the premises where  
267 food and drink are sold.

268 d. It has a restaurant or eatery used for the purpose  
269 of preparing and serving meals, with a seating capacity of at  
270 least 500 patrons operated on the property.

271 e. It has concerts and other family-oriented events  
272 held on the property.

273 f. It has overnight accommodations with the capacity to  
274 sleep at least 70 individuals.

275 g. It has at least five fishing ponds.

276 h. It has an amphitheater for outdoor entertainment  
277 events.

278 i. It has a chapel for wedding services.

279 j. It has an RV park with a capacity of at least four  
280 RVs.



## SB322 Engrossed

k. It has five reception halls with a seating capacity of at least 1,900 individuals.

l. It has an outdoor stage.

(2) The sale of any alcoholic beverages in any community development district established under this subsection shall be subject to a tax levied by the county on any sale at the same rate as the tax on any sale of liquor in the largest municipality in the county in which the district is established and shall be distributed as provided in Section 35-8B-5.

(r) (1) "Community development district" also means property that meets all of the following criteria:

a. It is located in a dry county that shares a border with another state and which contains at least one wet municipality, but the property is located outside the corporate limits of any municipality.

b. It is adjacent to a river flowing through two adjoining states.

c. It has at least one restaurant with a seating capacity of at least 40 patrons.

d. It contains a contiguous land area of private residential development amounting to more than 250 acres.

e. It contains over 100 residential sites, platted and recorded.

f. It contains streets that are, or will be, built with private funds.

g. It contains an 18-hole public golf course of regulation size, which offers an annual subscription or



## SB322 Engrossed

membership to cover the cost of greens fees.

(2) Notwithstanding any other provisions of law, the sale and distribution of alcoholic beverages, including draft or keg beer, by licensees of the Alcoholic Beverage Control Board shall be authorized in a community development district defined under this subsection and Section 35-8B-3 shall not apply.

(s) (1) "Community development district" also means a commercial district or resort that borders on a lake that is formed by an impounded reservoir of a river whose source is in a federal wilderness area that meets the following criteria:

a. Is a size of at least 500 or more acres of contiguous land area;

b. Is located in a dry county that has one or more wet municipalities, but is located outside the corporate limits of any wet municipality;

c. Has a hotel or lodge or rental homes with a minimum of 100 rooms;

d. Has at least one 18-hole golf course of regulation size;

e. Has a marina with not less than 50 boat slips or storage spaces;

f. Has a clubhouse;

g. Has more than one restaurant, bar, or tavern or other eatery used exclusively for the purpose of preparing and serving meals or beverages or both, seven days per week, with at least one restaurant having a seating capacity for at least 50 patrons;



## SB322 Engrossed

h. Has a conference center; and

i. Has membership policies that provide that membership is not denied or impacted by an applicant's race, color, creed, religion, or national origin.

(2) In a community development district as defined in this subsection, alcoholic beverages shall be sold only by licensees of the Alabama Alcoholic Beverage Control Board for consumption, including Sunday sales, within or on a licensee's property and as otherwise provided herein. An Alcoholic Beverage Control licensee in the district may operate a resort-owned luxury fine dining dinner cruise and special events yacht which may serve meals or alcoholic beverages, or both, while on the water, provided, the following minimum criteria are met: (i) length of not less than 60 feet; (ii) U.S. Coast Guard approved seating capacity of not less than 40; and (iii) operated by a USCG licensed captain. The restaurant or tavern shall obtain a business license from the local governing body having primary jurisdiction of the property where the restaurant is located and shall be subject to additional regulation as determined necessary by the local governing body.

(3)a. Notwithstanding any other provision of law relating to annexations, the real property within a community development district defined in this subsection may be annexed by a wet municipality in the same county upon petition by the district's board and approval by the municipality's governing body; provided, however, at least 30 days prior to the approval of the annexation by the municipality's governing



## SB322 Engrossed

body, a plat or map of the territory being annexed is furnished to the judge of probate of the county where the proposed annexation is located. Any annexation of real property within a community development district by a wet municipality may be made subject to such conditions as may be determined and agreed upon by the district's board and the annexing municipality's governing body.

b. An annexation conducted pursuant to this subdivision does not require contiguity between the real property within the community development district and the annexing municipality.

c. Notwithstanding any annexation, a county shall retain the right to provide all environmental services in a community development district, including, but not limited to, garbage services.

d. An annexation implemented pursuant to this subdivision must commence by June 1, 2026.

e. The property cannot be used as a site for a casino, nor may any other commercial or charitable gambling activities be conducted on the property.

(t) If a community development district is located in any county, including within any wet or dry municipality located within the county, the county shall participate in the distribution of taxes and license fees pursuant to Chapters 3 and 3A of Title 28.

(u) Any alcohol revenues received by a county under Act 2007-417 shall offset in an equal amount any T.V.A. in-lieu-of-taxes payments received by the county. Any T.V.A.



## SB322 Engrossed

in-lieu-of-taxes payments replaced by alcohol revenues under this subsection shall be distributed to T.V.A.-served counties.

(v) If a community development district established prior to June 1, 2014, becomes a new municipality pursuant to Sections 11-41-1 and 11-41-2, the section requiring a vote of the residents of the property described in the petition, the new municipality created thereby shall be wet and the sale and distribution of alcoholic beverages therein shall be authorized to the full extent of any other wet municipality. In addition to the other requirements for incorporating into a municipality set forth in Sections 11-41-1 and 11-41-2, the petition shall provide notice to potential voters that if the new municipality is incorporated it shall be wet."

"§35-8B-2

The exclusive and uniform method for the establishment of a community development district shall be by the filing of the articles of establishment of a community development district with the judge of probate of the county in which the district is to be located, or if located in more than one county, of the county wherein is located the largest area of the community development district.

(1) The articles of establishment of a district defined in subsection (a) of Section 35-8B-1 shall contain the following:

a. The written consent to the establishment of the district by the owner or owners of at least 51 percent of the real property to be included in the district, or documentation





## SB322 Engrossed

demonstrating that the petitioner has control by deed, trust agreement, contract, or option of at least 51 percent of the real property to be included in the district.

b. A metes and bounds description of the external boundaries of the district, with a specific metes and bounds description of any real property within the external boundaries of the district, which is to be excluded from the district.

c. A schematic layout of the proposed district with a map of the proposed and existing residential subdivisions, streets, and roads in the district, and of the building and grounds to be used in common by members of the club operating in the district, together with a commitment that the owner or owners of the real property located within the district will bear the costs of the construction of such proposed streets and roads, if such proposed roads and streets do not exist on the day the articles of establishment are filed.

d. The proposed name of the district, and the location and the mailing address of the principal office of the district.

e. A designation of five persons to be the initial members of the board of control of the district, two of whom shall serve in that office until replaced by elected members; provided, the two elected members of the board of control shall be elected by the members of the club who may vote in person or by proxy in writing at an annual meeting of the district, which date shall be specified in the petition. Each club member shall be entitled to cast one vote. The two



## SB322 Engrossed

449 candidates receiving the highest number of votes shall be  
450 elected to the board of control for a period of one year, or  
451 until his or her successor shall be duly elected. Upon the  
452 death or resignation of a non-elected member of the board of  
453 control, the remaining board members shall elect, by majority  
454 vote at a called board meeting, a new non-elected board  
455 member.

456 (2) The articles of establishment of a district defined  
457 in subsections (b) and (d) of Section 35-8B-1 shall contain  
458 the following:

459 a. The written consent to the establishment of the  
460 district by the owner of the real property to be included in  
461 the district.

462 b. A metes and bounds description of the external  
463 boundaries of the district.

464 c. A schematic layout of the proposed district with a  
465 map of the buildings and grounds to be used in common by the  
466 members of the club operating in the district.

467 d. The proposed name of the district and the location  
468 and the mailing address of the principal office of the  
469 district.

470 e. A designation of members of the board of governors  
471 of the club operating in the district who shall be the members  
472 of the board of control of the district.

473 (3) The articles of establishment of a district  
474 described in Section 35-8B-1(e), (f), (g), (h), (i), (j), (k),  
475 (l), (m), (n), (o), (p), (q), (r), or (s) shall contain the  
476 following:



## SB322 Engrossed

a. The written consent to the establishment of the district by the owner of the real property to be included within the district.

b. A metes and bounds description of the external boundaries of the district.

c. A schematic layout of the proposed district with a map of the buildings and grounds to be used in common by guests in the district.

d. The proposed name of the district and the location and the mailing address of the principal office of the district.

e. 1. Except for a district described in Section 35-8B-1(s), a designation of members of the board of governors of the district who shall be elected by the owner of the real property included in the district.

2. For a district described in Section 35-8B-1(s), a designation of three natural persons to serve as members of the board of governors of the district, who shall be elected by the majority vote of the owners of the real property located in the district. The members of the board of governors shall each serve for a period of four years or until his or her successor is duly elected.

(4) The articles of establishment and two copies thereof shall be delivered to the judge of probate who shall, upon the payment of the fees hereinafter prescribed:

a. Endorse on the articles and on each of the copies the word "Filed," and the hour, day, month, and year of the filing thereof;



## SB322 Engrossed

b. File the articles in his or her office and certify the two copies thereof; and

c. Issue a certificate of establishment to which he or she shall affix one certified copy of the articles of establishment, and return the certificate with a certified copy of the articles of establishment affixed thereto to the district.

(5) Upon the filing of the articles of establishment of the community development district with the judge of probate, the district's existence shall begin.

(6) In lieu of all other charges and fees for a community development district formed under Section 35-8B-1(a), (b), or (d), the judge of probate shall charge and collect for filing the articles of establishment and issuing a certificate of establishment, one thousand dollars (\$1,000) payable to the municipality in which is located the largest area of the community development district if located in a municipality, and if not, to the county in which is located the largest area of the community development district and three hundred fifty dollars (\$350) to the county for the purpose of providing additional funds for the office of the judge of probate. On or before the anniversary date of the filing of the articles of establishment, excluding the actual year of filing, the board of control shall pay to the judge of probate a fee of three hundred fifty dollars (\$350) and a fee of one thousand dollars (\$1,000) payable to the municipality in which is located the largest area of the community development district if located in a municipality, and if not,



## SB322 Engrossed

533 to the county in which is located the largest area of the  
534 community development district for the purpose of providing  
535 additional funds for the office of the judge of probate.

536 (7) In lieu of all other charges and fees for a  
537 community development district formed under Section  
538 35-8B-1(e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o),  
539 (p), (q), (r), or (s), the judge of probate shall charge and  
540 collect a one-time fee for filing the articles of  
541 establishment and issuing a certificate of establishment of  
542 five hundred dollars (\$500) payable to the county in which is  
543 located the largest area of the district for the purpose of  
544 providing additional funds to the judge of probate."

545 Section 2. This act shall become effective on October  
546 1, 2025.



**SB322 Engrossed**

547  
548  
549 Senate

550 Read for the first time and referred .....09-Apr-25  
551 to the Senate committee on Fiscal  
552 Responsibility and Economic  
553 Development

554  
555 Read for the second time and placed .....17-Apr-25  
556 on the calendar:  
557 0 amendments

558  
559 Read for the third time and passed .....22-Apr-25  
560 as amended  
561 Yeas 27  
562 Nays 1  
563 Abstains 0

564  
565  
566 Patrick Harris,  
567 Secretary.  
568