



**House Economic Development and Tourism Reported
Substitute for HB626**

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A BILL
TO BE ENTITLED
AN ACT

Relating to economic development; to amend Section 11-99-2, Section 11-99-4, as last amended by Act 2026-104 of the 2026 Regular Session, and Sections 11-99-5, and 11-99-6, Code of Alabama 1975, to allow a Major 21st Century Manufacturing Zone to be located within a tax increment district without regard to the size of the tax increment district; to allow ad valorem tax revenues collected within the tax increment district to be used to reimburse costs incurred by a public entity to acquire land within the Major 21st Century Manufacturing Zone prior to the creation of the tax increment district; and to make nonsubstantive, technical revisions to update existing code language to current style.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 11-99-2, Section 11-99-4, as last amended by Act 2026-104 of the 2026 Regular Session, and Sections 11-99-5, and 11-99-6, Code of Alabama 1975, are hereby amended to read as follows:

"§11-99-2

As used in this chapter, the following terms have the following meanings:



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29 (1) BLIGHTED OR ECONOMICALLY DISTRESSED AREA. Any of
30 the following:

31 a. Any area in which the structures, buildings, or
32 improvements, by reason of dilapidation, deterioration, age,
33 or obsolescence; inadequate provision for ventilation, light,
34 air, sanitation, or open spaces; high density of population
35 and overcrowding; or the existence of conditions that endanger
36 life or property by fire and other causes; or any combination
37 of such factors, are conducive to ill health, transmission of
38 disease, infant mortality, juvenile delinquency, or crime and
39 are detrimental to the public health, safety, morals, or
40 welfare.

41 b. Any area that by reason of the presence of a
42 substantial number of substandard, slum, deteriorated, or
43 deteriorating structures; predominance of defective or
44 inadequate street layout; faulty lot layout in relation to
45 size, adequacy, accessibility, or usefulness; unsanitary or
46 unsafe conditions; deterioration of site or other
47 improvements; diversity of ownership; tax or special
48 assessment delinquencies exceeding the fair value of the land;
49 defective or unusual conditions of title; or the existence of
50 conditions that endanger life or property by fire and other
51 causes; or any combination of the foregoing, substantially
52 impairs or arrests the sound economic growth of an area,
53 hinders the provision of housing accommodations, or
54 constitutes an economic or social liability and is a detriment
55 to the public health, safety, morals, or welfare in its
56 present condition and use.



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57 c. Any area that is predominantly open and which
58 because of obsolete platting, diversity of ownership,
59 deterioration of structures or of site improvements, or
60 otherwise, substantially impairs or arrests the sound economic
61 growth of an area.

62 d. Any area that the local governing body: (i)
63 Determines is in need of redevelopment, rehabilitation, or
64 revitalization to provide for the economic growth and
65 development of the area; or (ii) certifies is in need of
66 redevelopment or rehabilitation as a result of flood, fire,
67 hurricane, tornado, earthquake, storm, or other catastrophe
68 which the Governor of the state has certified the need for
69 disaster assistance under federal law.

70 e. Any area containing excessive vacant land on which
71 structures were previously located; on which are located
72 abandoned or vacant buildings or old buildings; where
73 excessive vacancies exist in existing buildings; which
74 contains substandard structures; or with respect to which
75 there exist delinquencies in payment of real property taxes.

76 (2) DEFERRED TAX RECIPIENT. Each taxing authority that
77 receives ad valorem taxes with respect to property located in
78 a proposed tax increment district.

79 (3) ENHANCED USE LEASE AREA. Any area of a military
80 installation which contains underutilized real or personal
81 property, or both, that is leased by a secretary of a military
82 department to a lessee pursuant to the authority provided in
83 Title 10 U.S.C. § 2667.

84 (4) LOCAL FINANCE OFFICER. The legally authorized



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85 officer or agent responsible for receipt and disbursement of
86 the revenues of a taxing authority.

87 (5) LOCAL GOVERNING BODY. The governing body of a
88 county or municipality which proposes to create or has created
89 a tax increment district.

90 (6) MAJOR 21ST CENTURY MANUFACTURING ZONE. Any area
91 aggregating not less than 250 contiguous acres of real
92 property determined by a local governing body to meet all of
93 the following criteria:

94 a. Is located, in whole or part, within its boundaries
95 or corporate limits.

96 b. Is suitable for the site of an automotive,
97 automotive-industry related, aviation, aviation-industry
98 related, medical, pharmaceutical, semiconductor, computer,
99 electronics, energy conservation, cyber technology, or
100 biomedical industry manufacturing facility or facilities.

101 c. Is an area within which not less than one hundred
102 million dollars (\$100,000,000) of capital expenditure in
103 connection with the establishment, expansion, construction,
104 equipping, development, rehabilitation, or redevelopment of
105 the facility or facilities is anticipated to be made based
106 upon representations and information provided by the
107 anticipated user or users of the facility or facilities and
108 other information as the local governing body shall have
109 available to it and deems appropriate.

110 (7) MUNICIPALITY. Any incorporated municipality in this
111 state.

112 (8) PROJECT. Undertakings and activities of a public



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113 entity in a tax increment district for any one or more of the
114 following:

115 a. As determined by the local governing body, the
116 elimination and prevention of the development or spread of
117 blight in, or the redevelopment or revitalization of, a
118 blighted or economically distressed area, including, but not
119 limited to, property acquisition, property clearance,
120 development, preservation, redevelopment, rehabilitation,
121 renovation, or conservation, or a combination or part thereof,
122 in accordance with a project plan.

123 b. The utilization of underutilized real or personal
124 property, or both, in an enhanced use lease area, including,
125 but not limited to, property acquisition, property clearance,
126 development, redevelopment, rehabilitation, or conservation,
127 or a combination or part thereof, in accordance with a project
128 plan.

129 c. The utilization of underutilized real property in an
130 area determined by a local governing body to be a Major 21st
131 Century Manufacturing Zone, including, but not limited to,
132 property acquisition; property clearance; development,
133 including, without limitation, public infrastructure
134 improvements and any other improvements for the construction
135 and equipping of automotive, automotive-industry related,
136 aviation, aviation-industry related, medical, pharmaceutical,
137 semiconductor, computer, electronics, energy conservation,
138 cyber technology, or biomedical industry manufacturing
139 facilities; or the redevelopment, rehabilitation, or
140 conservation, or a combination or part thereof, in accordance



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141 with a project plan.

142 (9) PROJECT COSTS. Any expenditures made or estimated
143 to be made or monetary obligations incurred or estimated to be
144 incurred by a public entity, which in the case of expenditures
145 for or within a Major 21st Century Manufacturing Zone may be
146 incurred directly by the public entity or by a private entity
147 with funds granted by, or otherwise made available from, a
148 public entity, which are listed in a project plan as costs of
149 public works or improvements or, in the case of improvements
150 within a Major 21st Century Manufacturing Zone, public works
151 or improvements or private improvements, within a tax
152 increment district, plus any costs incidental thereto,
153 diminished by any special assessments, received or reasonably
154 expected to be received by the public entity in connection
155 with the implementation of the project plan. Project costs
156 include, but are not limited to, all of the following:

157 a. Capital costs, including the costs of the
158 acquisition, installation, or construction of public works or
159 improvements, new buildings, facilities or improvements,
160 structures, and fixtures, the preservation and renovation of
161 properties of historic significance and facades of properties,
162 the demolition, alteration, remodeling, repair, or
163 reconstruction of existing buildings, structures, facilities,
164 and fixtures, the improvement, maintenance, repair,
165 renovation, and replacement of property pursuant to a project
166 plan, the acquisition of equipment, the acquisition, clearing,
167 and grading of land, environmental remediation of real
168 property, and the acquisition of interests in land.



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169 b. Financing costs, including all interest paid to
170 holders of tax increment obligations during the period of
171 implementation of the project plan, the costs of any form of
172 credit enhancement, printing and trustee costs, and any
173 premium paid in excess of the principal amount thereof because
174 of the redemption of the obligations prior to maturity.

175 c. Real property assembly costs, meaning any deficit
176 resulting from the sale or lease as lessor by the public
177 entity of real or personal property within a tax increment
178 district for consideration which is less than its cost to the
179 public entity.

180 d. Professional service costs, including those costs
181 incurred for architectural, planning, engineering, fiscal,
182 underwriting, legal advice and services, and consulting and
183 management services.

184 e. Imputed administrative costs, including reasonable
185 charges for the time spent by officers and employees of the
186 public entity in connection with the implementation of a
187 project plan.

188 f. Relocation costs, including those relocation
189 payments made following condemnation under Chapter 1A of Title
190 18.

191 g. Organizational costs, including the costs of
192 conducting environmental impact and other studies and the
193 costs of informing the public with respect to the creation of
194 tax increment districts and the implementation of project
195 plans.

196 h. The amount of any contributions made in connection



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197 with the implementation of the project plan that are within
198 limits prescribed by law.

199 i. Payments made, at the discretion of the local
200 governing body, which are to be necessary or convenient to the
201 creation of tax increment districts or the implementation and
202 management of project plans.

203 j. For purposes of any tax increment district in which
204 not less than 50 percent, by area, of the real property within
205 the tax increment district is an enhanced use lease area, all
206 costs described in this subdivision which are expended by a
207 public entity or a developer within three years immediately
208 preceding the date of the creation of the tax increment
209 district.

210 k. For purposes of any tax increment district which
211 includes an area that a local governing body has determined to
212 be a Major 21st Century Manufacturing Zone, the costs incurred
213 by a public entity to acquire land or interests in land
214 forming all or part of such Major 21st Century Manufacturing
215 Zone prior to the date of creation of the tax increment
216 district; provided, prior to incurring such costs the local
217 governing body of such public entity has recited its intent to
218 reimburse such costs from ad valorem taxes collected within a
219 future tax increment district.

220 (10) PROJECT PLAN. The properly approved plan by the
221 public entity creating a tax increment district for the
222 development, redevelopment, or revitalization of a tax
223 increment district, including all properly approved amendments
224 thereto.



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225 (11) PUBLIC ENTITY. Any municipality or county in the
226 state.

227 (12) TAX INCREMENT. That amount obtained by multiplying
228 the total revenue derived from ad valorem taxes levied by all
229 local taxing authorities on all taxable property within a tax
230 increment district in any tax year by a fraction having a
231 numerator equal to that tax year's market value of all taxable
232 property in the district minus the tax increment base and a
233 denominator equal to that tax year's equalized value of all
234 taxable property in the district. In any tax year, a tax
235 increment is positive if the tax increment base is less than
236 the aggregate value of taxable property as equalized by the
237 Department of Revenue; it is negative if the base exceeds that
238 value.

239 (13) TAX INCREMENT BASE. The aggregate value, as
240 equalized by the Department of Revenue, of all taxable
241 property located within a tax increment district on the date
242 the district is created, determined as provided in Section
243 11-99-5.

244 (14) TAX INCREMENT DISTRICT. A contiguous geographic
245 area within the boundaries of a public entity defined and
246 created by resolution of the local governing body.

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

252 (16) TAX INCREMENT OBLIGATIONS. Bonds, warrants, notes,



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253 or other evidences of indebtedness issued by a public entity
254 to fund all or any project costs.

255 (17) TAXABLE PROPERTY. All real and personal property
256 located in a tax increment district which is subject to ad
257 valorem taxation on the date of adoption of the resolution
258 creating the tax increment district.

259 (18) TAXING AUTHORITY.

260 a. For tax increment districts in which not less than
261 50 percent, by area, of the real property within the tax
262 increment district is a blighted or economically distressed
263 area, the term means any municipality, county, or other taxing
264 authority that has the power to levy taxes on property within
265 the tax increment districts.

266 b. For tax increment districts in which not less than
267 50 percent, by area, of the real property within the tax
268 increment district is an enhanced use lease area, the term
269 means the state or any municipality, county, or other taxing
270 authority that has the power to levy taxes on property within
271 the tax increment district.

272 c. For tax increment districts ~~in which not less than~~
273 ~~50 percent, by area, of the real property within the tax~~
274 ~~increment district is~~ which include an area that a local
275 governing body has determined to be a Major 21st Century
276 Manufacturing Zone, the term means the state or any
277 municipality, county, or other taxing authority that has the
278 power to levy taxes on property within the tax increment
279 district."

280 "§11-99-4



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281 (a) In order to exercise its powers under this chapter,
282 a public entity shall take the following steps:

283 (1) The local governing body shall hold a public
284 hearing at which all interested parties are afforded a
285 reasonable opportunity to express their views on: (i) the
286 concept of tax increment financing; (ii) the proposed creation
287 of a tax increment district and its proposed boundaries; and
288 (iii) its benefits to the public entity. Notice of the hearing
289 shall be published in a newspaper of general circulation in
290 either the county or in the city, as the case may be, in which
291 the proposed tax increment district is to be located with
292 notice to be published at least twice in the 15-day period
293 immediately preceding the date of the hearing. Prior to
294 publication, a copy of the notice shall be sent by first class
295 mail to the chief executive officer of each deferred tax
296 recipient.

297 (2)a. In addition to the notice required by subdivision
298 (1), and either before or after the public hearing, the local
299 governing body shall make a written submission to the
300 governing body of each deferred tax recipient. The submission
301 shall include a description of the proposed boundaries of the
302 tax increment district, the tentative plans for the
303 development, redevelopment, or revitalization of the tax
304 increment district, and an estimate of the general impact of
305 the proposed project plan on property values and tax revenues.

306 b. Not later than the 15th day after the date on which
307 the notice required by subdivision (1) is mailed, each
308 deferred tax recipient shall designate a representative



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309 empowered to meet with the local governing body to discuss the
310 project plan and the tax increment financing and shall notify
311 the local governing body of its designation. Failure of any
312 deferred tax recipient to designate a representative within
313 the 15-day period, or to notify the local governing body of
314 its designation, shall not prevent the local governing body
315 from proceeding hereunder. If a deferred tax recipient who has
316 failed to so designate a representative thereafter designates
317 a representative and notifies the local governing body of the
318 designation, the representative shall be entitled to notice of
319 any meetings held thereafter pursuant to this section, and
320 shall be entitled to attend the meetings, but shall have no
321 right to have matters discussed again which have already been
322 discussed.

323 c. The local governing body shall call a meeting, or
324 meetings, of the representatives of the deferred tax
325 recipients to be held at any time after 20 days from the
326 mailing notice referred to in subdivision (1). Each
327 representative shall be notified of each meeting at least
328 three days before the meeting is to be held, but notice may be
329 waived. At the meetings, the local governing body and the
330 representatives of the deferred tax recipients may discuss the
331 boundaries of the tax increment district, development within
332 the tax increment district, the exclusion of particular
333 parcels of property from the district, and tax collection for
334 the district. On the motion of the local governing body any
335 other matter relevant to the proposed tax increment district
336 may be discussed.



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337 (3) The local governing body shall adopt a resolution,
338 which need not be published, which does all of the following:

339 a. Describes the boundaries of the tax increment
340 district with sufficient definiteness to identify with
341 ordinary and reasonable certainty the territory included. The
342 description shall include only those whole units of property,
343 other than publicly owned property such as streets, easements,
344 and rights-of-way, assessed for general property tax purposes.
345 If the public entity is a county, the description shall
346 include only those areas that lie outside the corporate limits
347 of any municipality, unless the governing body of a
348 municipality has consented to the inclusion of land within its
349 corporate limits within a tax increment district formed by a
350 county.

351 b. Creates the tax increment district as of a given
352 date after the date of adoption of the resolution. The date of
353 creation of the tax increment district may be a date
354 subsequent to the date of expiration of the period of duration
355 of an existing tax increment district of the public entity.

356 c. Fixes the period for the duration of the tax
357 increment district.

358 1. The duration may be for a period not to exceed 30
359 years from the date of creation of the tax increment district
360 in the case of a tax increment district in which not less than
361 50 percent, by area, of the real property within the tax
362 increment district is a blighted or economically distressed
363 area.

364 2. The duration may be for a period not to exceed 35



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365 years from the date of creation of the tax increment district
366 in the case of a district in which not less than 50 percent,
367 by area, of the real property within the tax increment
368 district is an enhanced use lease area or which includes an
369 area that a local governing body has determined to be a Major
370 21st Century Manufacturing Zone, unless an amendment is made
371 to the project plan under subdivision (7).

372 d. Assigns a name to the tax increment district for
373 identification purposes, such as "tax increment district
374 number one."

375 e. Contains findings, which shall not be subject to
376 judicial review except after a showing of fraud, corruption,
377 or undue influence, that:

378 1. (A) Not less than 50 percent, by area, of the real
379 property within the tax increment district is: (i) In need of
380 rehabilitation, redevelopment, revitalization, or conservation
381 work, or (ii) an enhanced use lease area; or ~~(iii)~~ (B) the tax
382 increment district includes an area that a local governing
383 body has determined to be a Major 21st Century Manufacturing
384 Zone; and

385 2. The aggregate value of equalized taxable property in
386 the tax increment district plus all existing tax increment
387 districts created by the public entity does not exceed 10
388 percent of the total value of equalized taxable property
389 within the public entity or 50 percent if the public entity is
390 a Class 2 or Class 3 municipality. Provided, however, that
391 equalized taxable property located within the boundaries of a
392 military reservation, jurisdiction over which has been ceded



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393 to the United States pursuant to Section 42-3-1, shall be
394 excluded from aggregated value.

395 (4)a. The local governmental body shall prepare and
396 adopt a project plan for each tax increment district. The plan
397 shall include all of the following:

398 1. A statement listing the proposed projects,
399 including, without limitation and if applicable, the kind,
400 number, and location of all proposed public works or
401 improvements or, in the case of a Major 21st Century
402 Manufacturing Zone, public works or improvements or private
403 improvements, within the district.

404 2. A detailed list of estimated project costs.

405 3. A description of the methods of financing all
406 estimated project costs and the time when related costs or
407 monetary obligations are to be incurred.

408 4. A map showing existing uses and condition of real
409 property in the district.

410 5. A map or description showing proposed improvements
411 and uses therein.

412 6. Proposed changes of zoning, master map plan,
413 building code, and other ordinances or resolutions affecting
414 the district.

415 7. A list of estimated nonproject costs.

416 8. A proposed plan for the relocation of any families,
417 individuals, and businesses to be temporarily or permanently
418 displaced from housing or commercial facilities in the
419 district by implementation of the plan.

420 b. For purposes of this chapter, any work or



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421 improvement for a military installation and located within an
422 enhanced use lease area shall be deemed to be for public uses
423 and purposes.

424 (5) The local governing body shall certify all of the
425 following before approving the project plan:

426 a. That a feasible method exists for the relocation and
427 compensation of any individuals, families, and businesses that
428 will be displaced by the project in decent, safe, and sanitary
429 accommodations within their means and without undue hardship
430 to such individuals, families, and businesses.

431 b. That the project plan conforms to the applicable
432 master plan of the local entity, if there is one.

433 c. That the project plan will afford maximum
434 opportunity, consistent with the sound needs of the public
435 entity as a whole, for the rehabilitation, redevelopment, or
436 revitalization of the tax increment district by private
437 enterprise.

438 (6) A copy of the project plan shall be mailed to the
439 governing body of each deferred tax recipient, before approval
440 of the project plan.

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

444 (8) The public entity that created the tax increment
445 district, and each deferred tax recipient with respect to the
446 tax increment district, notwithstanding any provision in this
447 chapter to the contrary, by written mutual agreement duly
448 authorized, executed, and delivered thereby, may establish an



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449 advisory board for the tax increment district composed of the
450 mayor or the chair of the county commission of the public
451 entity, as appropriate, a member of the governing body of the
452 public entity that represents the largest area in the tax
453 increment district, and other members as the respective
454 governing body, or its designee, of each deferred tax
455 recipient may appoint; provided a majority of the members of
456 an advisory board must be members of the governing body of the
457 public entity.

458 (b) Judicial review of a decision of a public entity
459 related to a tax increment district shall be as provided by
460 law."

461 "§11-99-5

462 (a) The tax increment base shall be determined as
463 provided in this section.

464 (b) Upon application in writing by the local finance
465 officer, the tax assessor, or the officer of the county
466 performing the duties of a tax assessor, for each county in
467 which any part of the district is located shall determine,
468 according to his or her best judgment from all sources
469 available to him or her, the full aggregate value of the
470 taxable property in the district located in that county as of
471 the date of creation of the tax increment district. The
472 aggregate valuation from all such tax assessors or other such
473 public officials, upon certification to the local finance
474 officer, shall constitute the tax increment base of the
475 district⁷, provided, ~~however,~~ if a public entity creates a
476 district that is to succeed and continue the programs and



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477 project plans for redevelopment and revitalization of property
478 in an existing tax increment district upon its expiration, the
479 public entity and each deferred tax recipient with respect to
480 the successor tax increment district, notwithstanding any
481 provision in this chapter to the contrary, by written mutual
482 agreement duly authorized, executed, and delivered thereby,
483 may agree that the aggregate value of all taxable property
484 included in both the expiring district and the successor
485 district shall be the aggregate value of the taxable property
486 as originally determined for the tax increment base of the
487 expiring district as of the date of creation of the expiring
488 district and without redetermination of the value of the
489 taxable property as of the date of creation of the successor
490 district or some other date.

491 (c) If the public entity that created a tax increment
492 district in which not less than 50 percent, by area, of the
493 real property within the tax increment district is a blighted
494 or economically distressed area adopts an amendment to the
495 original project plan for the tax increment district that
496 includes additional project costs for which tax increments may
497 be received by the public entity, the tax increment base for
498 the district shall not be redetermined.

499 (d) If the public entity that created a tax increment
500 district in which not less than 50 percent, by area, of the
501 real property within the tax increment district is an enhanced
502 use lease area or which includes an area that a local
503 governing body has determined to be a Major 21st Century
504 Manufacturing Zone adopts an amendment to the original project



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505 plan for the tax increment district that includes additional
506 project costs for which tax increments may be received by the
507 public entity or an expansion of the tax increment district,
508 the tax increment base for the district shall not be
509 redetermined.

510 (e) There shall be a rebuttable presumption that any
511 property within a tax increment district, acquired or leased
512 as lessee by the public entity or any agency or
513 instrumentality thereof within one year immediately preceding
514 the date of the creation of the district, was so acquired or
515 leased in contemplation of the creation of the district. The
516 presumption may be rebutted by the public entity with proof
517 that the property was so leased or acquired primarily for a
518 purpose other than to reduce the tax increment base. If the
519 presumption is not rebutted, in determining the tax increment
520 base of the district, but for no other purpose, the taxable
521 status of the property shall be determined as though the lease
522 or acquisition had not occurred.

523 (f) The local tax assessor or person performing his or
524 her duties shall identify upon the tax records prepared by him
525 or her under Chapter 7 of Title 40 those parcels of property
526 which are within each existing tax increment district,
527 specifying the name of each district. A similar notation shall
528 also appear on the tax records made by the local finance
529 officer.

530 (g) The Department of Revenue shall annually give
531 notice to the designated finance officer of all taxing
532 authorities levying taxes on property within each district as



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533 to both the assessed and equalized value of the property and
534 the assessed and equalized value of the tax increment base.
535 The notice shall state that the taxes collected in excess of
536 the base will be paid to the public entity."

537 "§11-99-6

538 (a) Positive tax increments of a tax increment district
539 shall be allocated and paid over to the public entity that
540 created the district for each year commencing on the October 1
541 following the date when the district is created until the
542 earlier of:

543 (1) That time, after: (i) The period of duration of the
544 tax increment district, as established pursuant to this
545 chapter, has expired~~ti~~ and (ii) the completion of all projects
546 and public improvements specified in, or purposes of, the
547 project plan or amendments thereto, when the public entity has
548 received aggregate tax increments from the district in an
549 amount equal to the aggregate of all expenditures previously
550 made or monetary obligations previously incurred for project
551 costs for the district; or

552 (2) Thirty-five years after the last expenditure
553 identified in the project plan is made. No expenditure may be
554 provided for in the project plan to be made more than five
555 years after the district is created, except as may be provided
556 in an amendment to the project plan, and except in Class 3
557 municipalities where the expenditures may be made not more
558 than 10 years thereafter if so provided and in tax increment
559 districts in which not less than 50 percent, by area, of the
560 real property within the tax increment district is an enhanced



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561 use lease area where the expenditures may be made not more
562 than 15 years thereafter if so provided, unless an amendment
563 is adopted by the local governing body under ~~subdivision (7)~~
564 ~~of~~ Section 11-99-4 (7).

565 (b) Notwithstanding any other provision of law, every
566 officer charged by law to collect and pay over or retain local
567 general property taxes in the case of a tax increment district
568 in which not less than 50 percent, by area, of the real
569 property within the tax increment district is a blighted or
570 economically distressed area, or state and local general
571 property taxes in the case of a tax increment district in
572 which not less than 50 percent, by area, of the real property
573 within the tax increment district is an enhanced use lease
574 area or which includes an area that a local governing body has
575 determined to be a Major 21st Century Manufacturing Zone,
576 shall first, on the next settlement date provided by law, pay
577 over to the local finance officer out of all the taxes that
578 have been collected, that portion that represents a tax
579 increment allocable to a tax increment district, identifying
580 the amount for each district.

581 (c) All tax increments received for a tax increment
582 district, upon receipt by the local finance officer, shall be
583 deposited into the tax increment fund for that district. The
584 local finance officer may deposit additional monies into the
585 fund pursuant to an appropriation by the local governing body.
586 Monies shall be paid out of the fund only for direct payment
587 of, or to reimburse the public entity for payments theretofore
588 made by it for principal of or interest on tax increment



**House Economic Development and Tourism Reported
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589 obligations for that district if the obligations are general
590 obligations of the public entity, or to satisfy claims of
591 holders of tax increment obligations issued for that district,
592 or for direct payment of, or to reimburse the public entity
593 for payments theretofore made by the public entity that are
594 used to pay project costs. Subject to any agreement with
595 security holders, monies in the fund may be temporarily
596 invested in the same manner as other surplus funds of the
597 public entity. After the principal of and interest on all tax
598 increment obligations of the district have been paid or
599 provided for, subject to any agreement with security holders,
600 if there remains in the fund any monies, they shall be paid
601 over to the chief finance officer of the state, each county,
602 each municipality, each school district, and to the general
603 fund of the public entity in amounts as are due to each
604 respectively, having due regard for what portion of these
605 monies, if any, represents tax increments not allocated to the
606 public entity and what portion thereof, if any, represents
607 voluntary deposits of the public entity into the fund."

608 Section 2. This act shall become effective immediately.