

**HB141 INTRODUCED**



1      HB141  
2      BY3TNQQ-1  
3      By Representative Brown  
4      RFD: County and Municipal Government  
5      First Read: 13-Jan-26  
6      PFD: 09-Jan-26



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4       SYNOPSIS:

5               Under existing law, the compensation that may be  
6       paid to members of boards of directors of certain  
7       public utility corporations is capped at specific  
8       amounts.

9               This bill would increase the maximum amount of  
10      compensation that may be paid to the directors of these  
11      corporations organized with respect to a municipality  
12      that has less than 5,000 inhabitants.

13               This bill would extend the terms of certain  
14      directors.

15               This bill would also make nonsubstantive,  
16      technical revisions to update the existing code  
17      language to current style.

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21               A BILL

22               TO BE ENTITLED

23               AN ACT

24

25               Relating to public utilities; to amend Section  
26      11-50-313, Code of Alabama 1975, to increase the maximum  
27      amount of fees that may be paid to members of boards of  
28      directors of certain public corporations operating utilities;



29 to extend the terms of certain board members; and to make  
30 nonsubstantive, technical revisions to update the existing  
31 code language to current style.

32 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

33 Section 1. Section 11-50-313, Code of Alabama 1975, is  
34 amended to read as follows:

35 "§11-50-313

36 (a) (1) Each corporation that is formed or ~~the that has~~  
37 amended its certificate of incorporation ~~of which is amended~~  
38 under pursuant to this article shall have a board of directors  
39 which that shall ~~constitute~~ be the governing body of the  
40 corporation, ~~which board shall~~. Except as otherwise provided  
41 by law, the board shall consist of ~~at least~~ three members.

42 (2) The governing body of any municipality that has  
43 authorized the creation of a corporation as provided in this  
44 article may increase the membership of the board of directors  
45 from three to five members. In the event the governing body  
46 elects to increase the membership of the board of directors  
47 from three to five members, one member added to the board  
48 shall be appointed for an initial term of four years and the  
49 remaining newly added member for an initial term of six years,  
50 and thereafter the term of each additional director shall be  
51 six years.

52 (3) In any Class 4 municipality ~~which that~~ has adopted  
53 a mayor-council form of government pursuant to Chapter 43B  
54 ~~(commencing with Section 11-43B-1) of this title~~, any  
55 corporation formed pursuant to this chapter may have a  
56 governing body ~~which shall consist~~ that consists of seven



57 members.

58       (4) Any corporation~~r~~ located in any Class 5  
59 municipality~~r~~which that is governed by a local law enacted in  
60 the 1995 Regular Session may have a governing body~~which shall~~  
61 ~~consist~~ that consists of seven members.

62       (5) The governing body of any municipality that has a  
63 population of less than 5,000 according to the most recent  
64 federal decennial census and that has authorized the creation  
65 of a corporation as provided in this article may increase the  
66 membership of the board of directors from five to seven  
67 members. In the event the governing body elects to increase  
68 the membership of the board of directors from five to seven  
69 members, one member added to the board shall be appointed for  
70 an initial term of four years and the remaining newly added  
71 member for an initial term of six years, and thereafter the  
72 term of each additional director shall be six years.

73       (b) (1) The directors of a corporation shall be elected  
74 by the governing body of the municipality in regard to which  
75 the corporation was formed, and they shall be elected to hold  
76 office for staggered terms. The first term of office of one  
77 director shall be two years, of another director shall be four  
78 years, and of a third director shall be six years, as shall be  
79 designated at the time of their election, and thereafter the  
80 term of office of each director shall be six years.

81       (2) In any municipality: (i) with a population of less  
82 than 5,000 according to the most recent federal decennial  
83 census; (ii) that has authorized the creation of a corporation  
84 as provided in this article; and (iii) for which the term of



85 the mayor and members of the municipal governing body were  
86 extended by an act of the Legislature; the term of any board  
87 member which will expire before the mayor's and members' of  
88 the municipal governing body extended terms expire shall be  
89 extended by one year.

90 ~~(b)~~ (c) ~~No~~ A fee ~~shall~~ may not be paid to ~~any~~ a director  
91 for services rendered with respect to a sanitary sewer system.

92 (d) (1) Except as otherwise provided by this subsection,  
93 ~~In~~ in any instance where the system or systems owned and  
94 operated by ~~the~~ a corporation are any one or more of a water  
95 system, a gas system, and an electric system, the chair of the  
96 board of directors ~~may~~, at the discretion of the governing  
97 body of the municipality with respect to which the corporation  
98 was primarily organized, may be paid a director's fee in an  
99 amount to be set and established by the governing body ~~in an~~  
100 ~~amount~~ not exceeding six hundred dollars (\$600) per meeting  
101 attended, not to exceed seven thousand two hundred dollars  
102 (\$7,200) per year, for one system and ten dollars (\$10) each  
103 meeting for each additional system. Each ~~member of the board~~  
104 ~~of directors, director~~ other than the chair ~~may~~ may be paid a  
105 director's fee in an amount to be set and established by the  
106 governing body in an amount not exceeding four hundred dollars  
107 (\$400) per meeting attended, not to exceed four thousand eight  
108 hundred dollars (\$4,800) per year for the system.

109 ~~Notwithstanding the foregoing, where~~

110 ~~(2) the municipality with respect to which the~~  
111 ~~corporation was primarily organized has In all municipalities~~  
112 with a population of less than 5,000 inhabitants according to



113 the most recent ~~official federal~~ decennial census, the maximum  
114 total amount of director's fees ~~which that~~ may be paid to the  
115 chair of ~~its the~~ board of directors ~~shall may~~ not exceed ~~six~~  
116 ~~hundred dollars (\$600)~~ one thousand two hundred dollars  
117 (\$1,200) per meeting attended, ~~not to exceed seven thousand~~  
118 ~~two hundred dollars (\$7,200)~~ per year, and the. The maximum  
119 total amount of director's fees ~~which that~~ may be paid to any  
120 other member of the board of directors ~~shall may~~ not exceed  
121 ~~four hundred dollars (\$400)~~ six hundred dollars (\$600) per  
122 meeting attended, not to exceed ~~four thousand eight hundred~~  
123 ~~dollars (\$4,800)~~ seven thousand two hundred dollars (\$7,200)  
124 per year.

125 (3) In all ~~cities having populations~~ municipalities  
126 with a population of not less than 6,500 nor more than 8,500  
127 according to the most recent federal decennial census, the  
128 ~~members of the board of~~ directors, including the chair, may  
129 each be paid a director's fee. The chair of the board shall be  
130 compensated in an amount not ~~to exceed~~ exceeding six hundred  
131 dollars (\$600) per meeting attended, not to exceed seven  
132 thousand two hundred dollars (\$7,200) per year. Each director, ~~to~~  
133 other than the chair, ~~shall~~ be compensated in an amount not ~~to~~  
134 ~~exceed~~ exceeding four hundred dollars (\$400) per meeting  
135 attended, not to exceed four thousand eight hundred dollars  
136 (\$4,800) per year.

137 (4) In all ~~cities having populations~~ municipalities  
138 with a population of not less than 12,500 nor more than 13,500  
139 according to the most recent federal decennial census, the  
140 chair of the board of directors, at the discretion of the



141 board, may be paid a director's fee in an amount not exceeding  
142 six hundred dollars (\$600) per meeting attended, not to exceed  
143 seven thousand two hundred dollars (\$7,200) per year, ~~and each~~  
144 ~~member of the board. Each director~~ other than the chair may be  
145 paid a director's fee in an amount not exceeding four hundred  
146 dollars (\$400) per meeting attended, not to exceed four  
147 thousand eight hundred dollars (\$4,800) per year.

148 (5) In all ~~cities having populations~~ municipalities  
149 with a population of not less than 23,000 nor more than 27,000  
150 according to the most recent federal decennial census, the  
151 chair of the board of directors, at the discretion of the  
152 board, may be paid a director's fee in an amount not exceeding  
153 six hundred dollars (\$600) per meeting attended, not to exceed  
154 seven thousand two hundred dollars (\$7,200) per year, ~~and each~~  
155 ~~member of the board. Each director~~ other than the chair may be  
156 paid a director's fee in an amount not exceeding four hundred  
157 dollars (\$400) per meeting attended, ~~but~~ not to exceed four  
158 thousand eight hundred dollars (\$4,800) per year.

159 (6) In all ~~cities~~ municipalities located in Jefferson  
160 County, Alabama, the chair of the board of directors, at the  
161 discretion of the board, may be paid a director's fee in an  
162 amount not exceeding four hundred fifty dollars (\$450) each  
163 month for one system and fifty dollars (\$50) per month for  
164 each additional system; ~~and each member of the board. Each~~  
165 ~~director~~ other than the chair may be paid a director's fee in  
166 an amount not exceeding four hundred dollars (\$400) each month  
167 for one system and forty dollars (\$40) per month for each  
168 additional system.



169                   (7) In all the ~~cities~~ municipalities in Franklin  
170 County, including all Franklin County water or sewer board or  
171 utility system or boards, or both, located therein, the  
172 director's fee shall not exceed six hundred dollars (\$600)  
173 each month for each system. The board in the ~~cities~~  
174 municipalities of Franklin County may also establish a chair's  
175 fee in a higher amount by a vote of ~~such~~ the body not to  
176 exceed seven hundred fifty dollars (\$750) per meeting.

177                   (8) ~~All members of the board of directors of any~~  
178 ~~corporation organized pursuant to this article shall be~~  
179 ~~reimbursed for actual expenses incurred in and about the~~  
180 ~~performance of their duties pursuant to this article.~~

181 ~~Notwithstanding the foregoing, in~~ In a Class 7 municipality,  
182 the chair of the board of directors of a corporation formed  
183 under this chapter which owns and operates a water system, an  
184 electric system, and a sewer system, at the discretion of the  
185 governing body of the municipality with respect to which the  
186 corporation was primarily organized, may be paid a director's  
187 fee in an amount ~~to be set and~~ established by the governing  
188 body. Each ~~member of the board of directors, director~~ other  
189 than the chair ~~r~~ may be paid a director's fee in an amount ~~to~~  
190 ~~be set and~~ established by the governing body.

191                   (e) In addition to any other compensation authorized,  
192 all members of the board of directors of any corporation  
193 organized pursuant to this article shall be reimbursed for  
194 actual expenses incurred in the performance of their duties  
195 pursuant to this article.

196                   (f) (1) (c) Except as provided herein, any Any officer of



197 ~~the a municipality shall be eligible for appointment with~~  
198 ~~respect to which a corporation was formed may be appointed and~~  
199 ~~may serve as a member of the board of directors of the~~  
200 ~~corporation for the term for which he or she is appointed or~~  
201 ~~during his or her tenure as a municipal officer, whichever~~  
202 ~~expires first, and may receive a fee for his or her services,~~  
203 ~~provided it the appointment is first approved by the board of~~  
204 ~~directors. At no time shall the board consist of more than two~~  
205 ~~officers of the municipality. The directors of the corporation~~  
206 ~~shall be elected by the governing body of the municipality,~~  
207 ~~and they shall be elected to hold office for staggered terms.~~  
208 ~~The first term of office of one director shall be two years,~~  
209 ~~of another director shall be four years, and of a third~~  
210 ~~director shall be six years, as shall be designated at the~~  
211 ~~time of their election, and thereafter the term of office of~~  
212 ~~each director shall be six years. The governing body of any~~  
213 ~~municipality which has heretofore or hereafter authorized the~~  
214 ~~creation of a corporation as provided in this article may~~  
215 ~~increase the board of directors from three to five members to~~  
216 ~~serve according to all the conditions and terms set forth in~~  
217 ~~this article. In the event the governing body elects to~~  
218 ~~increase the board of directors from three to five members,~~  
219 ~~one member added to the board shall be appointed for a term of~~  
220 ~~four years and the remaining member for a term of six years,~~  
221 ~~and thereafter the term of each director shall be six years.~~  
222 ~~At no time shall the board~~  
223 (2) a. Except as provided in paragraph b., a board may  
224 not consist of more than two officers of the municipality with



225 respect to which the corporation was formed.

226 b. If the membership of a board has increased pursuant  
227 to subsection (a), the board may not consist of more than  
228 three officers of the municipality with respect to which the  
229 corporation was formed. ~~Any officer of the municipality~~  
230 ~~appointed to serve as a member of the board of directors shall~~  
231 ~~serve for the term for which he or she is appointed or during~~  
232 ~~his or her tenure as a municipal officer, whichever expires~~  
233 ~~first.~~

234 (3) Notwithstanding the foregoing any provision of this  
235 subsection, the certificate of incorporation of a corporation  
236 formed, or an amendment to the certificate heretofore or  
237 ~~hereafter adopted pursuant to this article~~ may restrict or  
238 prohibit service on the board of directors by officers of the  
239 municipality with respect to which the corporation was formed.

240 (g) (d) Nothing in Act 2007-458 and nothing in  
241 subsection ~~(f) as amended by Act 2010-580 (a) (4)~~ shall apply  
242 to the City of Montgomery or the City of Prichard Water and  
243 Sewer Board.

244 (h) (e) The amendatory provisions of this section as  
245 provided in Act 2010-580 and the provisions of Act 2007-458  
246 shall not affect the current board director and member fees in  
247 the City of Birmingham.

248 ~~(f) The governing body of any municipality which has a~~  
249 ~~population of less than 5,000 according to the most recent~~  
250 ~~federal census and which has heretofore or hereafter~~  
251 ~~authorized the creation of a corporation as provided in this~~  
252 ~~division may increase the board of directors from five to~~



253 ~~seven members to serve according to all the conditions and~~  
254 ~~terms set forth in this division. In the event the governing~~  
255 ~~body elects to increase the board of directors from five to~~  
256 ~~seven members, one member added to the board shall be~~  
257 ~~appointed for a term of four years and the remaining member~~  
258 ~~for a term of six years, and thereafter the term of each~~  
259 ~~director shall be six years. At no time shall the board~~  
260 ~~consist of more than three officers of the municipality. Any~~  
261 ~~officer of the municipality appointed to serve as a member of~~  
262 ~~the board of directors shall serve for the term for which he~~  
263 ~~or she is appointed or during his or her tenure as a municipal~~  
264 ~~officer, whichever expires first."~~

265                   Section 2. This act shall become effective on October  
266                   1, 2026.