

HB142 INTRODUCED



1 HB142
2 CXLMPWW-1
3 By Representative Wilcox
4 RFD: County and Municipal Government
5 First Read: 13-Jan-26
6 PFD: 09-Jan-26



4 SYNOPSIS:

5 Under existing law, counties and municipalities
6 may create tax increment districts in areas that are
7 blighted or otherwise meet criteria for economic
8 development opportunities. The law provides a mechanism
9 for funding economic development projects within tax
10 increment districts using the increased value in
11 taxable property of the projects.

12 Generally, a county or municipality may only
13 create a tax increment district if at least 50 percent
14 of the area within a tax increment district is in need
15 of rehabilitation or meets other economic development
16 criteria, and the equalized taxable property in all tax
17 increment districts within the county or municipality
18 does not exceed 10 percent of the total value of
19 equalized taxable property throughout the county or
20 municipality. An exception exists for Class 3
21 municipalities, which may include up to 50 percent of
22 the total value of equalized taxable property in tax
23 increment districts in the municipality.

24 This bill would allow Class 2 municipalities to
25 include up to 50 percent of the total value of
26 equalized taxable property to be included in tax
27 increment districts within the municipality, similar to
28 Class 3 municipalities.



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A BILL

TO BE ENTITLED

AN ACT

Relating to Class 2 municipalities; to amend Section 11-99-4, Code of Alabama 1975; to increase the percent of total value of equalized taxable property within a Class 2 municipality which may be included in tax increment districts created by the municipality.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 11-99-4, Code of Alabama 1975, is amended to read as follows:

"§11-99-4

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

(1) The local governing body shall hold a public hearing at which all interested parties are afforded a reasonable opportunity to express their views on: (i) the concept of tax increment financing~~on~~; (ii) the proposed creation of a tax increment district and its proposed boundaries~~;~~; and (iii) its benefits to the public entity. Notice of the hearing shall be published in a newspaper of general circulation in either the county or in the city, as the case may be, in which the proposed tax increment district is to be located with notice to be published at least twice in the 15-day period immediately preceding the date of the



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57 hearing. Prior to publication, a copy of the notice shall be
58 sent by first class mail to the chief executive officer of
59 each deferred tax recipient.

60 (2) a. In addition to the notice required by subdivision
61 (1), and either before or after the public hearing, the local
62 governing body shall make a written submission to the
63 governing body of each deferred tax recipient. The submission
64 shall include a description of the proposed boundaries of the
65 tax increment district, the tentative plans for the
66 development, redevelopment, or revitalization of the tax
67 increment district, and an estimate of the general impact of
68 the proposed project plan on property values and tax revenues.

69 b. Not later than the 15th day after the date on which
70 the notice required by subdivision (1) is mailed, each
71 deferred tax recipient shall designate a representative
72 empowered to meet with the local governing body to discuss the
73 project plan and the tax increment financing and shall notify
74 the local governing body of its designation. Failure of any
75 deferred tax recipient to designate a representative within
76 the 15-day period, or to notify the local governing body of
77 its designation, shall not prevent the local governing body
78 from proceeding hereunder. If a deferred tax recipient who has
79 failed to so designate a representative thereafter designates
80 a representative and notifies the local governing body of the
81 designation, the representative shall be entitled to notice of
82 any meetings held thereafter pursuant to this section, and
83 shall be entitled to attend the meetings, but shall have no
84 right to have matters discussed again which have already been



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discussed.

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

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

a. Describes the boundaries of the tax increment district with sufficient definiteness to identify with ordinary and reasonable certainty the territory included~~;~~
~~which.~~ The description shall include only those whole units of property, other than publicly owned property such as streets, easements, and rights-of-way, assessed for general property tax purposes~~and, if.~~ If the public entity is a county, ~~which~~
the description shall include only those areas that lie outside the corporate limits of any municipality, unless the governing body of a municipality has consented to the inclusion of land within its corporate limits within a tax



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113 increment district formed by a county.

114 b. Creates the tax increment district as of a given
115 date after the date of adoption of the resolution, ~~which.~~ The
116 date of creation of the tax increment district may be a date
117 subsequent to the date of expiration of the period of duration
118 of an existing tax increment district of the public entity, ~~and~~
119 ~~fixes.~~ .

120 c. Fixes the period for ~~its~~ the duration of the tax
121 increment district, ~~.~~ .

122 1. which ~~The duration~~ may be for a period not to exceed
123 30 years from the date of creation of the tax increment
124 district in the case of a tax increment district in which not
125 less than 50 percent, by area, of the real property within the
126 tax increment district is a blighted or economically
127 distressed area, ~~and which.~~ .

128 2. The duration may be for a period not to exceed 35
129 years from the date of creation of the tax increment district
130 in the case of a district in which not less than 50 percent,
131 by area, of the real property within the tax increment
132 district is an enhanced use lease area or a Major 21st Century
133 Manufacturing Zone, unless an amendment is made to the project
134 plan under subdivision (7) ~~.~~ .

135 ~~e.d.~~ d. Assigns a name to the tax increment district for
136 identification purposes, such as "tax increment district
137 number one." ~~.~~ .

138 ~~d.e.~~ e. Contains findings, which shall not be subject to
139 judicial review except after a showing of fraud, corruption,
140 or undue influence, that:



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1. Not less than 50 percent, by area, of the real property within the tax increment district is: (i) In need of rehabilitation, redevelopment, revitalization, or conservation work~~, or~~; (ii) an enhanced use lease area~~;~~ or (iii) a Major 21st Century Manufacturing Zone; and

2. The aggregate value of equalized taxable property in the tax increment district plus all existing tax increment districts created by the public entity does not exceed 10 percent of the total value of equalized taxable property within the public entity or 50 percent if the public entity is a Class 2 or Class 3 municipality. Provided, however, that equalized taxable property located within the boundaries of a military reservation, jurisdiction over which has been ceded to the United States pursuant to Section 42-3-1, shall be excluded from aggregated value.

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

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

2. A detailed list of estimated project costs~~;~~and a.

3. A description of the methods of financing all estimated project costs and the time when related costs or monetary obligations are to be incurred.~~For purposes of this~~



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~~chapter, any work or improvement for a military installation and located within an enhanced use lease area shall be deemed to be for public uses and purposes. The project plan shall also include:~~

4. A map showing existing uses and condition of real property in the district; ~~a.~~

5. A map or description showing proposed improvements and uses therein; ~~a.~~

6. ~~proposed~~ Proposed changes of zoning, master map plan, building code, and other ordinances or resolutions affecting the district; ~~a.~~

7. A list of estimated nonproject costs; ~~and a.~~

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

b. For purposes of this chapter, any work or improvement for a military installation and located within an enhanced use lease area shall be deemed to be for public uses and purposes.

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

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

b. That the project plan conforms to the applicable



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master plan of the local entity, if there is one; ~~and~~.

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

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

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

(8) The public entity that created the tax increment district, and each deferred tax recipient with respect to the tax increment district, notwithstanding any provision in this chapter to the contrary, by written mutual agreement duly authorized, executed, and delivered thereby, may establish an advisory board for the tax increment district composed of the mayor or the chair of the county commission of the public entity, as appropriate, a member of the governing body of the public entity that represents the largest area in the tax increment district, and other members as the respective governing body, or its designee, of each deferred tax recipient may appoint; provided a majority of the members of an advisory board must be members of the governing body of the public entity.

(b) Judicial review of a decision of a public entity related to a tax increment district shall be as provided by



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225 law."

226 Section 2. This act shall become effective on October

227 1, 2026.