

HB150 INTRODUCED



1 HB150
2 MS5BM1H-1
3 By Representative Wilcox
4 RFD: Boards, Agencies and Commissions
5 First Read: 13-Jan-26
6 PFD: 12-Jan-26



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4 SYNOPSIS:

5 Under existing law, an improvement district can
6 petition the government that appointed it to levy an
7 assessment and lien on property within the district to
8 finance public infrastructure improvement projects. The
9 assessment accrues interest at a rate that the board of
10 directors of a district deems reasonable and may exceed
11 the interest rate on the bonds issued to finance the
12 improvement projects. Existing law also authorizes the
13 board to foreclose on property under state foreclosure
14 statutes if there is a default in payment of the
15 assessment.

16 This bill would remove the board's option to
17 charge a rate higher than the interest rate on the
18 bonds issued to finance the public infrastructure
19 improvement projects.

20 This bill would create an alternative
21 enforcement mechanism for collection and enforcement of
22 assessments, subject to approval by the county
23 commission, and allow a district to engage the county
24 tax assessor, the county tax collector, and the county
25 judge of probate to assist in the collection and
26 enforcement of assessments in the same manner as
27 delinquent ad valorem tax liens. This bill would allow
28 the tax collecting official to collect a fee of three



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29 percent of the total assessment collected.

30 This bill would also make nonsubstantive,
31 technical revisions to update the existing code
32 language to current style.

33

34 A BILL

35 TO BE ENTITLED

36 AN ACT

37

38 Relating to Alabama Improvement Districts; to amend
39 Section 11-99A-14, Code of Alabama 1975, to remove the board's
40 discretion to charge a higher interest rate on the assessment
41 than interest on the bond issued to fund the project; to add
42 Section 11-99A-14.1, Code of Alabama 1975, to provide that
43 improvement districts may petition the county commission to
44 use alternate means of collection and enforcement of
45 assessments; to provide that improvement districts may use
46 county tax officials and judges of probate to collect and
47 enforce assessment liens; to provide that an assessment would
48 be collected in the same manner as delinquent ad valorem
49 taxes; to allow the county tax collector to charge a fee for
50 collection; and to make nonsubstantive, technical revisions to
51 update the existing code language to current style.

52 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

55 "§11-99A-14

56 (a) Each assessment shall constitute a lien on the



57 ~~property~~ assessed property ~~in~~ for the amount of the assessment
58 ~~with respect~~ related to that parcel of land, as ~~provided~~
59 specified in the final assessment, ~~forecloseable~~ and be
60 subject to foreclosure as provided in this chapter. The
61 assessment shall be payable either ~~within~~ no later than 30
62 days after the final assessment or over such term as may be
63 determined by the board. If the assessment is to be paid over
64 a term, the assessment shall accrue interest and be payable
65 periodically, monthly, quarterly, semiannually, annually, or
66 as otherwise provided by the board, with interest at a rate as
67 may be considered reasonable by the board. In particular, the
68 assessment may bear interest at the same rate or yield borne
69 by the bonds issued to obtain funds to acquire, construct, or
70 install the improvements, ~~but interest may be at a higher rate~~
71 ~~in the discretion of the board~~. Once the full amount of a
72 final assessment ~~allocated with respect to~~ for a tract is paid
73 in full, including ~~with~~ all interest ~~and~~ and penalties and
74 collection costs ~~of collection~~, if any, ~~such the~~ tract shall be
75 released from the lien of the assessment.

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

79 (c) In its proceedings, the board may specify that
80 assessments may be prepaid at any time or circumstance. The
81 board may specify that assessments must be prepaid ~~upon the~~
82 ~~sale of the tract of land, or a portion thereof, being~~
83 ~~assessed~~ when selling the tract of land or any part of it. If
84 the obligation to pay is accelerated, the assessment shall



85 include all unpaid principal of the assessment then unpaid,
86 plus interest until the next ~~date provided for the payment of~~
87 ~~principal~~ principal payment date on any bonds secured by ~~a~~
88 ~~pledge of~~ the assessments, unless otherwise provided in the
89 proceedings ~~pursuant to~~ under which the bonds are issued.

90 (d) Unless otherwise provided in the proceedings of the
91 board ~~with respect to~~ regarding the assessment, any assessment
92 may be voluntarily prepaid by the owner of the land assessed.
93 In ~~that case~~ such cases, the ~~amount prepaid~~ prepayment amount
94 shall be applied first to interest until ~~the first following~~
95 ~~date on which~~ the next date when principal may be paid under
96 the bond, and then to principal. However, ~~if provided in the~~
97 ~~proceedings of the board with respect to if the board's~~
98 proceedings specify otherwise regarding the assessment,
99 prepayments, whether voluntary or mandatory, the amount
100 prepaid may be applied only to interest accrued up to the date
101 of the prepayment, and then to principal.

102 (e) Alternatively, the proceedings of the board ~~with~~
103 ~~respect to~~ regarding the assessment may provide that
104 prepayment shall be applied first to accrued interest, ~~and~~
105 then to the difference between: ~~(1)~~ (i) the interest that will
106 accrue from the date of prepayment until the next principal
107 payment on the bonds ~~;~~ and ~~(2)~~ (ii) the rate of interest at
108 which the principal paid may be invested by the board to earn
109 interest from the date of prepayment until the principal
110 payment date, with any remaining balance to be applied to
111 principal.

112 (f) ~~The proceedings of the board with respect to~~ The



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113 board's procedures regarding the assessment may ~~provide~~
114 specify that any mandatory prepayment may be waived by the
115 board on the terms as may be provided in a proceeding.

116 (g) If bonds are issued with respect to the final
117 assessment, the assessments shall either: ~~(1)(i)~~ total the
118 principal amount of the bonds to be issued with respect to the
119 assessments; or ~~(2)(ii)~~ total such principal amount multiplied
120 by a coverage ratio (e.g., 1.2 to 1) providing debt service
121 coverage for the bonds in the ratio desired by the board."

122 Section 2. Section 11-99A-14.1 is added to the Code of
123 Alabama 1975, to read as follows:

124 §11-99A-14.1

125 (a) In addition to the collection and enforcement
126 procedures for assessments provided in this chapter,
127 including, without limitation, Section 11-99A-21, a district
128 may petition the county commission of a county within the
129 district to use the procedures specified in this section for
130 collecting and enforcing assessments made against the land.

131 (b) The district shall file its petition with the
132 county commission of the county where the district is located.

133 The petition shall be accompanied by all of the following:

134 (1) Certified copies of the proceedings from the
135 appointing government, which may be the county commission
136 responsible for assessments within the district, including all
137 petitions, attachments, consent agreements, and other
138 documentation submitted to the appointing government for the
139 assessments, as well as evidence of the assessment validation
140 by a court of competent jurisdiction, from which no further



141 appeal is possible by law.

142 (2) Certification that the landowners within the
143 district who are, or would be, subject to the assessments,
144 along with any other individual or entity with an enforceable
145 interest in the lands such as mortgagees and lenders of
146 record, have been notified in writing of the district's
147 intention to request the county commission to use the
148 procedures pursuant to subsection (f) for collecting and
149 enforcing assessments within the district.

150 (3) All certifications, documentation, information, and
151 insurance policies required by this section.

152 (c) A district may file a petition for enforcement
153 pursuant to this section at any time. The district may specify
154 in its petition a specific period in which the procedures of
155 this section shall be effective. The district shall be solely
156 responsible for the accuracy of the information and all
157 supporting documentation set forth in the petition.

158 (d) The county commission shall approve a petition
159 submitted in accordance with this section.

160 (e) Upon approval of a petition, the county commission
161 shall give written notice to the district, the tax assessing
162 official of the county, the tax collecting official of the
163 county, and the judge of probate of the county.

164 (f) (1) Upon the county commission approving the
165 district's petition to use the alternative collection and
166 enforcement procedures listed in this section, the following
167 officials have the following duties:

168 a. The tax assessing official shall include the current



169 outstanding assessments certified by the district in the book
170 of assessments of local ad valorem taxes, which is delivered
171 by the official to the tax collecting official of the county.

172 b. The tax collecting official shall collect the
173 assessments in the same manner and through the same procedures
174 used for collecting local ad valorem taxes. Immediately upon
175 receipt, the tax collecting official shall segregate and
176 account for the proceeds of the assessments and deliver the
177 proceeds to the district or, at the written direction of the
178 district, promptly report in writing to both the district and
179 the judge of probate the assessments that have been paid,
180 partially paid, or collected.

181 c. The judge of probate of the county shall timely
182 enforce the payment of a delinquent or unpaid assessment as
183 provided in Chapter 10 of Title 40.

184 (2) No later than March 1 of each year, a district that
185 has opted in to tax collection on the property tax bills shall
186 certify in writing to the county's tax assessing and tax
187 collecting officials, using the form and content required by
188 those officials, the assessments that are due and payable,
189 along with all necessary information for billing, collection,
190 and enforcement of the assessments, as may be required by law.

191 (3) The tax assessing official of the county and tax
192 collecting official of the county, upon receiving the
193 certified list of assessments from the district, shall include
194 the amounts of the assessments in the next regular bill for ad
195 valorem taxes levied against the lands in the district that
196 are subject to the assessments.



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197 (4) If a tax bill that includes an assessment becomes
198 delinquent, the remedy and procedures for collection of the
199 delinquent assessment shall be by the same methods and
200 procedures as a tax sale or tax lien auction used by the
201 county in accordance with Chapter 10 of Title 40.

202 (g) The tax collecting official shall recover the cost
203 of collection and enforcement of payment of assessments,
204 amounting to three percent of the total assessments collected.
205 This fee shall be deposited into a segregated account of the
206 tax collecting official's office for use in carrying out their
207 official duties.

208 (h) (1) The district shall be entirely responsible for
209 the accuracy of the information, including, but not limited
210 to, the assessment amounts and the land assessed, as certified
211 to the county officials as provided in this section. The
212 commission, the tax assessing official, the tax collecting
213 official, and the judge of probate shall have no duty or
214 obligation to investigate, review, or verify the initial or
215 continuing accuracy of the information in compliance with this
216 chapter.



225 with this section.

226 (3) The district for which a certified assessment is
227 made, subject to collection in accordance with this section,
228 shall reimburse, indemnify, and hold harmless the county, the
229 county tax assessing official, the county tax collecting
230 official, and the judge of probate of the county for any
231 costs, including reasonable attorney fees, costs of defense,
232 judgment expenses, and settlements incurred due to or related
233 to any dispute or matter arising from the operation of this
234 section.

235 (i) The district and its board may, at any time prior
236 to the county commission approving a petition to proceed under
237 this section, exercise the rights and remedies outlined in
238 Section 11-99A-21. Following a district obtaining approval by
239 the county commission to proceed under this section, neither
240 the district nor its board may have or exercise those rights
241 and remedies under Section 11-99A-21.

242 (j) The Alabama Department of Revenue may adopt rules
243 to implement and administer this section with advice and input
244 from the Alabama Association of Tax Administrators.

245 Section 3. This act shall become effective on October
246 1, 2026.