

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



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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percent of the total assessment collected.

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

A BILL
TO BE ENTITLED
AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§11-99A-14

(a) Each assessment shall constitute a lien on the



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

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

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



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

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

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

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



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

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

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

§11-99A-14.1

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

(b) The district shall file its petition with the
county commission of the county where the district is located.
The petition shall be accompanied by all of the following:

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



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appeal is possible by law.

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

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

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

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

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

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

a. The tax assessing official shall include the current



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

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

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

(2) The district shall be the proper party in any litigation arising from the operation of this section. The county, the tax assessing official of the county, the tax collecting official of the county, and the judge of probate of the county shall not be made parties to any litigation and shall not be liable for damages for any challenge to any assessment included in any ad valorem tax bill under Chapter 7 of Title 40, or in a tax lien sale conducted in accordance



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with this section.

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

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

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

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