

**HB501 ENROLLED**



1 HB501  
2 84695F2-2  
3 By Representative Bracy (N & P)  
4 RFD: Mobile County Legislation  
5 First Read: 24-Feb-26



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1 Enrolled, An Act,

2  
3 Relating to the City of Prichard; to establish a  
4 procedure for the establishment, operation, modification,  
5 renewal, and dissolution of self-help business improvement  
6 districts.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

8 Section 1. For purposes of this act, the following  
9 terms have the following meanings:

10 (1) AUTHORIZING ORDINANCE. An ordinance adopted by the  
11 Prichard City Council that authorizes the formation or renewal  
12 of a district and the levying of benefit assessments.

13 (2) BENEFIT ASSESSMENT. A levy for the purpose of  
14 funding activities and improvements that will provide benefits  
15 to businesses located within a district.

16 (3) BUSINESS. Any business establishment of the types  
17 or classes that are described in the district plan and the  
18 authorizing ordinance.

19 (4) BUSINESS OWNER. A person recognized by the city as  
20 the owner of the business.

21 (5) BUSINESS OWNERS' ASSOCIATION. A new or existing  
22 nonprofit corporation, entity, agency, or public corporation  
23 that is under contract with the city to administer the  
24 district and implement activities and improvements specified  
25 in the district plan.

26 (6) CITY. The City of Prichard.

27 (7) CITY COUNCIL. The City Council of the City of  
28 Prichard.



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29 (8) DISTRICT. A self-help business improvement district  
30 established pursuant to this act.

31 (9) DISTRICT PLAN. A plan as prescribed in Section 4.

32 (10) IMPROVEMENT. An acquisition, construction,  
33 installation, or maintenance relating to tangible property  
34 that is designed to provide benefits to assessed businesses.

35 Section 2. The city council may create and maintain  
36 districts within its corporate limits pursuant to this act.

37 Section 3. (a) Upon receipt of a written petition  
38 signed by 60 percent or more of the business owners or  
39 authorized representatives of the businesses proposed to be  
40 subject to the benefit assessment, the city council may  
41 initiate proceedings to form a district by adopting a  
42 resolution expressing its intention to form a district.

43 (1) Wherever this act requires the signature of the  
44 business owner, the signature of the authorized representative  
45 of the business shall suffice.

46 (2) The city has no obligation to obtain other  
47 information as to the ownership of a business, and its  
48 determination of ownership as reflected in its records shall  
49 be conclusive for the purposes of this act in the absence of  
50 contrary documentation provided by the owner or authorized  
51 representative of the business.

52 (b) The petition of business owners required under  
53 subsection (a) shall include a summary of a district plan  
54 formulated pursuant to Section 4. The summary shall include  
55 all of the following:

56 (1) A map showing the boundaries of the district.



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57           (2) The types or classes of businesses that will be  
58 subject to the benefit assessment.

59           (3) The benefit assessment rate for each type or class  
60 of business that will be subject to the benefit assessment. If  
61 the assessment is based on a percentage of gross business  
62 revenue, the rate may not be greater than four percent.

63           (4) Information specifying where the complete district  
64 plan may be obtained.

65           (5) Information specifying that the complete district  
66 plan shall be furnished upon request.

67           (c) The resolution of intention described in subsection  
68 (a) shall contain all of the following:

69           (1) A brief description of the proposed activities and  
70 improvements.

71           (2) The estimated amount of the proposed benefit  
72 assessment. If the assessment is based on a percentage of  
73 gross business revenue, the rate may not be greater than four  
74 percent.

75           (3) A statement describing the businesses within the  
76 proposed district which will be subject to the benefit  
77 assessment.

78           (4) A description of the boundaries of the proposed  
79 district, which may be made by reference to any plan or map  
80 that is on file with the city council.

81           (5) A time and place for a public hearing on the  
82 establishment of the district and the levy of the benefit  
83 assessment.

84           (d) The descriptions and statements required by



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85 subdivisions (c) (1) through (4) shall be sufficient if they  
86 enable a business owner to generally identify the nature and  
87 extent of the activities and improvements and the location and  
88 extent of the proposed district.

89 Section 4. A tourism improvement district plan shall  
90 include, but not be limited to, all of the following:

91 (1) A map that identifies the district boundaries in  
92 sufficient detail to allow a business owner to reasonably  
93 determine whether a business is located within the district  
94 boundaries. The boundaries of a district may overlap with  
95 other districts established pursuant to this act.

96 (2) The name of the proposed district.

97 (3)a. The name of the business owners' association.

98 b. In the case of a newly formed nonprofit corporation  
99 designated as the business owners' association, the  
100 certificate of incorporation or by-laws shall provide that a  
101 majority of the business owners' association's governing board  
102 shall be business owners, or their authorized representatives,  
103 who pay the district benefit assessment.

104 c. Where an existing nonprofit corporation is  
105 designated as the business owners' association, the nonprofit  
106 corporation shall create a committee, with a majority of  
107 members being business owners, or their authorized  
108 representatives, who pay the district benefit assessment, and  
109 who shall be charged with managing the funds raised by the  
110 district and fulfilling the obligations of the district plan.

111 d. A business owners' association shall have full  
112 discretion to select the specific activities and improvements



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113 within the authorized parameters of the district plan which  
114 shall be funded with district benefit assessment revenue,  
115 provided that there is a rational relationship between the  
116 benefit of the activities and improvements to each business  
117 and the assessment amount levied on the business.

118 (4) The activities and improvements proposed for each  
119 year of operation of the district and the estimated cost of  
120 those activities and improvements. Improvements shall have an  
121 estimated useful life of five years or more. If the activities  
122 and improvements proposed for each year of operation are the  
123 same, the plan shall include a description of the first year's  
124 proposed activities and improvements and a statement that the  
125 same activities and improvements are proposed for subsequent  
126 years.

127 (5) The estimated annual amount proposed to be expended  
128 for activities and improvements during each year of operation  
129 of the district. This amount may be estimated based upon the  
130 assessment rate. If the estimated annual amount proposed to be  
131 expended in each year of operation of the district is not  
132 significantly different from year to year, the amount proposed  
133 to be expended in the initial year and a statement that a  
134 similar amount applies to subsequent years shall satisfy the  
135 requirements of this subdivision.

136 (6) The source or sources of financing, including the  
137 proposed method and basis of levying the assessment, in  
138 sufficient detail to allow each business owner to calculate  
139 the amount of the assessment to be levied against his or her  
140 business. The assessment may be based on a percent of gross



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141 business revenue, a fixed dollar amount per transaction, or  
142 any other reasonable method approved by the city. If the  
143 assessment is based on a percent of gross business revenue,  
144 then the rate may not be greater than four percent. The  
145 district plan may set forth increases in assessments for any  
146 year of operation of the district, except that any assessment  
147 based on a percent of gross business revenue may not exceed  
148 four percent.

149 (7) The time and manner of collecting the benefit  
150 assessments and any interest or penalties for nonpayment.

151 (8) The specific number of years, not to exceed 10,  
152 during which benefit assessments will be levied, except that a  
153 district that finances improvements with bonds may levy  
154 assessments during the time to maturity of the bonds if that  
155 period exceeds 10 years.

156 (9) Any proposed rules to be applicable to the  
157 district.

158 (10) A definition describing the type or class of  
159 businesses to be included in the district and subject to the  
160 district benefit assessment.

161 (11) Any other item or matter required to be  
162 incorporated in the plan by the city council.

163 Section 5. (a) If the city council has adopted a  
164 resolution of intention to establish or renew a district and  
165 levy a new or increased district benefit assessment, the city  
166 council shall hold a public hearing on the establishment or  
167 renewal of the district prior to adoption of the authorizing  
168 ordinance. Notice of the public hearing shall be mailed to the



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169 owners of the businesses proposed to be subject to the benefit  
170 assessment.

171 (b) The city council shall provide at least 30 days'  
172 written notice of the public hearing at which the city council  
173 proposes to establish or renew the district and levy the  
174 benefit assessment.

175 Section 6. At the conclusion of the public hearing to  
176 establish or renew a district, the city council may adopt,  
177 revise, change, reduce, or modify the proposed district  
178 benefit assessment, the boundaries of the district, or the  
179 types or classes of businesses within the district which would  
180 be subject to the benefit assessment. Proposed benefit  
181 assessments may only be revised by reducing them, either  
182 independently or together in a uniform manner. The proposed  
183 district boundary may only be revised to exclude territory  
184 that will not benefit from the proposed activities and  
185 improvements. The types or classes of businesses that will be  
186 subject to the proposed benefit assessment may only be revised  
187 to exclude the business types or classes that will not benefit  
188 from the proposed activities and improvements. Any  
189 modifications, revisions, reductions, or changes to the  
190 proposed district plan shall be reflected in the district plan  
191 prior to the city council's adoption of the ordinance creating  
192 or renewing the district.

193 Section 7. (a) If the city council, following the  
194 public hearing, decides to establish or renew a proposed  
195 district, the city council shall adopt an authorizing  
196 ordinance that shall include, but not be limited to, all of



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197 the following:

198 (1) A brief description of the proposed activities and  
199 improvements.

200 (2) The amount of the proposed benefit assessment. If  
201 the assessment is based on a percent of gross business  
202 revenue, the rate may not be greater than four percent.

203 (3) A statement as to the types or classes of  
204 businesses that will be subject to the benefit assessment,  
205 with the time and manner of the collection of the annual  
206 assessment by the city council.

207 (4) A description of the boundaries of the district,  
208 which may be made by reference to any plan or map that is on  
209 file with the city council.

210 (5) The number, date of adoption, and title of the  
211 resolution of intention.

212 (6) The time and place where the public hearing was  
213 held concerning the establishment or renewal of the district.

214 (7) The number of protests that were received.

215 (8) A statement that the businesses in the district  
216 established by the ordinance shall be subject to any  
217 amendments to this act.

218 (9) A statement that the activities and improvements to  
219 be conferred on businesses in the district will be funded by  
220 the proceeds of the benefit assessment.

221 (10) A statement that the revenue from the benefit  
222 assessment collected in the district shall not be used for any  
223 purpose other than the purposes specified in the district  
224 plan.



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225 (b) The descriptions and statements required by  
226 subdivisions (a) (1) through (4) need not be detailed and shall  
227 be considered sufficient if they enable an owner to generally  
228 identify the nature and extent of the activities and  
229 improvements and the location and extent of the district.

230 (c) The adoption of the authorizing ordinance shall  
231 authorize the levy of benefit assessments in each of the years  
232 referred to in the district plan.

233 (d) The city council shall enter into a contract with a  
234 business owners' association to carry out the purposes of the  
235 district.

236 (e) (1) The authorizing ordinance shall take effect 30  
237 days after passage unless written protests are received from  
238 more than 50 percent of business owners or their authorized  
239 representatives.

240 (2) Any business owner that will be subject to the  
241 proposed benefit assessment may make a protest of the  
242 establishment or renewal of a district during the 30-day  
243 period after the ordinance is passed and before the ordinance  
244 is effective. Every protest shall be in writing and shall be  
245 filed with the city council.

246 (3) The protest shall be in writing, shall be filed  
247 with the city council, shall clearly identify the business  
248 owned by the individual who filed the protest, and if the  
249 individual is not shown in the city records as the owner of  
250 the business, shall include documentation that the individual  
251 is the owner of the business or the authorized representative.

252 (4) A written protest that does not comply with this



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253 subsection shall not be counted in determining a majority  
254 protest, but the city council may waive any irregularity in  
255 the form or content of any written protest.

256 (5) A written protest may be withdrawn in writing at  
257 any time before the ordinance's effective date.

258 (6) If written protests are received from more than 50  
259 percent of business owners or their authorized  
260 representatives, and protests are not withdrawn so as to  
261 reduce the protests to 50 percent or less before the  
262 ordinance's effective date, the ordinance establishing or  
263 renewing the district will not go into effect and the city  
264 shall not levy the assessment.

265 Section 8. If a district expires due to the time limit  
266 set pursuant to Section 4(8), a new district plan may be  
267 established or the expiring district may be renewed pursuant  
268 to this act.

269 Section 9. (a) The collection of the benefit  
270 assessments levied pursuant to this act shall be made at the  
271 time and in the manner set forth by the city council in the  
272 authorizing ordinance. All delinquent payments for benefit  
273 assessments levied pursuant to this act may be charged  
274 interest and penalties. A percentage of the benefit  
275 assessments will be retained by the city council to offset the  
276 cost of collection as set forth in the authorizing ordinance.

277 (b) Any delinquent payments for benefit assessments,  
278 along with any interest or penalties, shall constitute a debt  
279 owed to the city council and may be collectable by the city  
280 council as a debt under law.



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281 (c) Any delinquent payments for benefit assessments,  
282 interest, or penalties recovered under this section shall be  
283 expended in the same manner as provided in the authorizing  
284 ordinance for proceeds of the benefit assessment.

285 Section 10. Bonds may be issued by the city or the  
286 business owners' association to pay for improvements in the  
287 district, provided that any bond issue is not included in the  
288 city's indebtedness for the purpose of Section 225 of the  
289 Constitution of Alabama of 2022, and otherwise complies with  
290 any applicable provision imposed by law. Benefit assessments  
291 levied in two or more districts may be pledged to secure a  
292 single bond issue to finance district improvements.

293 Section 11. (a) The business owners' association, at  
294 any time, may request that the city council modify the  
295 district plan. Any modification of the district plan shall be  
296 made pursuant to this act. The district plan shall not be  
297 modified, including the levy of a new or increased benefit  
298 assessment, the expansion of the district boundaries, or  
299 expansion of the types or classes of business subject to the  
300 benefit assessment, except by the request of the business  
301 owners' association.

302 (b) Upon the written request of the business owners'  
303 association, the city council may modify the district plan by  
304 adopting a resolution determining to make the modifications  
305 after conducting one public hearing on the proposed  
306 modifications. If the modification includes the levy of a new  
307 or increased benefit assessment, expansion of the district's  
308 boundaries, or expansion of the types or classes of business



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309 subject to the benefit assessment, the city council shall  
310 comply with the procedures required by Sections 5 and 6 and  
311 the majority protest procedure provided by Section 7(e).  
312 Notice of all other public hearings pursuant to this section  
313 shall comply with both of the following:

314 (1) The resolution of intention to modify shall be  
315 published once at least seven days before the public hearing  
316 in a newspaper of general circulation in the city.

317 (2) A complete copy of the resolution of intention to  
318 modify shall be mailed by first class mail, at least 10 days  
319 before the public hearing, to each business owner affected by  
320 the proposed modification.

321 (c) The city council, prior to the public hearing  
322 required by this section, shall adopt a resolution of  
323 intention to modify. The resolution shall state the proposed  
324 modification. The public hearing shall be held not more than  
325 45 days after the adoption of the resolution of intention to  
326 modify.

327 Section 12. (a) The business owners' association shall  
328 prepare a prospective report for each fiscal year, except the  
329 first year, for which benefit assessments are to be levied and  
330 collected to pay the costs of the activities described in the  
331 report. The owners' association's first report shall be due 90  
332 days after the first year of operation of the district.

333 (b) The report shall be filed with the city council and  
334 shall refer to the district by name, specify the fiscal year  
335 to which the report applies, and, with respect to that fiscal  
336 year, shall contain all of the following information:



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337 (1) The activities and improvements to be provided for  
338 that fiscal year.

339 (2) An estimate of the cost of providing the activities  
340 and improvements for that fiscal year.

341 (3) The estimated amount of any surplus or deficit  
342 revenues to be carried over from a previous fiscal year.

343 (c) The city council may approve the report as filed by  
344 the business owners' association or may make recommendations  
345 for approval to the annual report within 45 days of receiving  
346 the annual report. The annual report shall be final and  
347 approved within 90 days following its submission by the  
348 business owners' association to the city council.

349 (d) Within 90 days after the close of the business  
350 owners' association's fiscal year, the business owners'  
351 association shall have an annual audit of its books, accounts,  
352 and financial transactions made by a certified public  
353 accountant. The business owners' association's annual audit  
354 shall be completed and filed with the city council within 120  
355 days after the close of the business owners' association's  
356 fiscal year.

357 Section 13. (a) Any district previously established  
358 whose term has expired, or shall expire, may be renewed by  
359 following the procedures for establishment as provided in this  
360 act.

361 (b) Upon renewal, any remaining revenues derived from  
362 the benefit assessment, or any revenues derived from the sale  
363 of assets acquired with the revenues, shall be transferred to  
364 the renewed district.



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365 (c) There is no requirement that the boundaries,  
366 benefit assessment, activities, or improvements of a renewed  
367 district be the same as the original or prior district.

368 Section 14. (a) A district established or renewed  
369 pursuant to this act may be dissolved by adoption of an  
370 ordinance by the city council after public notice and hearing  
371 required by this section when there is no indebtedness,  
372 outstanding and unpaid, incurred to accomplish any of the  
373 purposes of the district.

374 (b) During each year of operation of the district,  
375 there shall be a 30-day period in which businesses subject to  
376 the benefit assessment may request dissolution of the  
377 district. The first period shall begin two years after the  
378 date of establishment of the district and shall continue for  
379 30 days. Each successive year of operation of the district  
380 shall have such a 30-day period. Upon the written petition of  
381 60 percent or more of business owners or their authorized  
382 representatives, the city council shall pass a resolution of  
383 intention to dissolve the district. The city council shall  
384 give public notice of any hearing on dissolution.

385 (c) The city council, prior to the public hearing  
386 required by this section, shall adopt a resolution of  
387 intention to dissolve the district. The resolution shall state  
388 the reason for the potential dissolution, shall state the time  
389 and place of the public hearing, and shall contain a proposal  
390 to dispose of any assets acquired with the revenues of the  
391 assessments levied within the district. The notice of the  
392 hearing on dissolution required by this section shall be given



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393 by mail to the owner of each business subject to benefit  
394 assessments in the district. The city council shall conduct  
395 the public hearing not less than 30 days after mailing the  
396 notice to the business owners. The public hearing shall be  
397 held not more than 60 days after the adoption of the  
398 resolution of intention. At the conclusion of the public  
399 hearing, the city council may adopt an ordinance dissolving  
400 the district.

401           Section 15. Upon the dissolution or expiration without  
402 renewal of a district, any remaining revenues, after all  
403 outstanding debts are paid, derived from the levy of benefit  
404 assessments or derived from the sale of assets acquired with  
405 the revenues, shall be spent in accordance with the district  
406 plan or shall be refunded to the owners of the businesses then  
407 located and operating within the district in which benefit  
408 assessments were levied by applying the same method and basis  
409 that was used to calculate the benefit assessments levied in  
410 the fiscal year in which the district is dissolved or expires.

411           Section 16. This act shall become effective  
412 immediately.

