

1 HB481
2 217601-1
3 By Representative Scott
4 RFD: County and Municipal Government
5 First Read: 09-MAR-22

8 SYNOPSIS: Under existing law, tax increment financing
9 is an economic development mechanism that allows
10 local governments to designate a portion of the
11 county or municipality as a tax increment district
12 and apply certain property tax revenues above a
13 baseline established when the tax increment
14 district was established, to redevelop or
15 revitalize the area until the tax increment
16 district expires after 30 years of existence.

17 This bill would provide further for what
18 constitutes a blighted or economically distressed
19 area for purposes of establishing a tax increment
20 district.

21 This bill would allow the redevelopment or
22 revitalization project to continue through the
23 creation of a subsequent tax increment district
24 after expiration of the existing district, but
25 retain the original baseline.

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

4
5 A BILL
6 TO BE ENTITLED
7 AN ACT

8
9 To amend Sections 11-99-2, 11-99-4, 11-99-5,
10 11-99-6, 11-99-8 and 11-99-10, Code of Alabama 1975; relating
11 to tax increment districts; to provide further for the
12 projects in a tax increment district and the project costs
13 therefor; to provide further for the determination of the tax
14 increment base for a tax increment district; to provide
15 further for the collection, payment, and use of tax
16 increments; and to make nonsubstantive, technical revisions to
17 update the existing code language to current style.

18 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

19 Section 1. Sections 11-99-2, 11-99-4, 11-99-5,
20 11-99-6, 11-99-8, and 11-99-10, Code of Alabama 1975, are
21 amended to read as follows:

22 "§11-99-2.

23 "As used in this chapter, the following terms shall
24 have the following meanings:

25 "(1) BLIGHTED OR ECONOMICALLY DISTRESSED AREA. Any
26 of the following:

1 "a. ~~An~~ Any area in which the structures, buildings,
2 or improvements, by reason of dilapidation, deterioration,
3 age, or obsolescence~~;~~ inadequate provision for ventilation,
4 light, air, sanitation, or open spaces~~;~~ high density of
5 population and overcrowding~~;~~ or the existence of conditions
6 ~~which~~ that endanger life or property by fire and other
7 causes~~;~~ or any combination of such factors, are conducive to
8 ill health, transmission of disease, infant mortality,
9 juvenile delinquency, or crime~~;~~ and are detrimental to the
10 public health, safety, morals, or welfare~~;~~ or.

11 "b. Any area ~~which~~ that by reason of the presence of
12 a substantial number of substandard, slum, deteriorated, or
13 deteriorating structures~~;~~ predominance of defective or
14 inadequate street layout~~;~~ faulty lot layout in relation to
15 size, adequacy, accessibility, or usefulness~~;~~ unsanitary or
16 unsafe conditions~~;~~ deterioration of site or other
17 improvements~~;~~ diversity of ownership~~;~~ tax or special
18 assessment delinquencies exceeding the fair value of the
19 land~~;~~ defective or unusual conditions of title~~;~~ or the
20 existence of conditions ~~which~~ that endanger life or property
21 by fire and other causes~~;~~ or any combination of the
22 foregoing, substantially impairs or arrests the sound economic
23 growth of an area, ~~retards~~ hinders the provision of housing
24 accommodations, or constitutes an economic or social liability
25 and is a detriment to the public health, safety, morals, or
26 welfare in its present condition and use~~;~~ or.

1 "c. Any area ~~which~~ that is predominantly open and
2 which because of obsolete platting, diversity of ownership,
3 deterioration of structures or of site improvements, or
4 otherwise, substantially impairs or arrests the sound economic
5 growth of an area, ~~or.~~

6 "d. Any area ~~which~~ that the local governing body:
7 (i) Determines, which determination shall not be subject to
8 judicial review except after a showing of fraud, corruption,
9 or undue influence, is in need of redevelopment,
10 rehabilitation, or revitalization to provide for the economic
11 growth and development of the area, or (ii) certifies is in
12 need of redevelopment or rehabilitation as a result of flood,
13 fire, hurricane, tornado, earthquake, storm, or other
14 catastrophe respecting which the Governor of the state has
15 certified the need for disaster assistance under federal law,
16 ~~or.~~

17 "e. Any area containing excessive vacant land on
18 which structures were previously located, ~~or;~~ on which are
19 located abandoned or vacant buildings or old buildings, ~~or;~~
20 where excessive vacancies exist in existing buildings, ~~or;~~
21 which contains substandard structures,~~;~~ or with respect to
22 which there exist delinquencies in payment of real property
23 taxes.

24 "(2) DEFERRED TAX RECIPIENT. Each taxing authority
25 ~~which~~ that receives ad valorem taxes with respect to property
26 located in a proposed tax increment district.

1 "(3) ENHANCED USE LEASE AREA. Any area of a military
2 installation which contains underutilized real or personal
3 property, or both, that is leased by a secretary of a military
4 department to a lessee pursuant to the authority provided in
5 Title 10 U.S.C. § 2667.

6 "(4) LOCAL FINANCE OFFICER. The legally authorized
7 officer or agent responsible for receipt and disbursement of
8 the revenues of a taxing authority.

9 "(5) LOCAL GOVERNING BODY. The governing body of a
10 county or municipality which proposes to create or has created
11 a tax increment district.

12 "(6) MAJOR 21ST CENTURY MANUFACTURING ZONE. Any area
13 aggregating not less than 250 contiguous acres of real
14 property determined by a local governing body to ~~be~~ meet all
15 of the following criteria:

16 "a. Is located, in whole or part, within its
17 boundaries or corporate limits~~7~~.

18 "b. Is suitable for the site of an automotive,
19 automotive-industry related, aviation, aviation-industry
20 related, medical, pharmaceutical, semiconductor, computer,
21 electronics, energy conservation, cyber technology, or
22 biomedical industry manufacturing facility or facilities~~7~~and.

23 "c. Is an area within which not less than one
24 hundred million dollars (\$100,000,000) of capital expenditure
25 in connection with the establishment, expansion, construction,
26 equipping, development, rehabilitation, or redevelopment of
27 ~~such a~~ the facility or facilities is anticipated to be made

1 based upon representations and information provided by the
2 anticipated user or users of the facility or facilities and
3 ~~such~~ other information as the local governing body shall have
4 available to it and deems appropriate.

5 "(7) MUNICIPALITY. Any incorporated municipality in
6 this state.

7 "(8) PROJECT. Undertakings and activities of a
8 public entity in a tax increment district for any one or more
9 of the following:

10 "a. As determined by the local governing body, which
11 determination shall not be subject to judicial review except
12 after a showing of fraud, corruption, or undue influence, the
13 elimination and prevention of the development or spread of
14 blight in, or the redevelopment or revitalization of, a
15 blighted or economically distressed area, including, but not
16 limited to, property acquisition, property clearance,
17 development, preservation, redevelopment, rehabilitation,
18 renovation, or conservation, or a combination or part thereof,
19 in accordance with a project plan.

20 "b. ~~the~~ The utilization of underutilized real or
21 personal property, or both, in an enhanced use lease area, ~~and~~
22 ~~may include~~ including, but not limited to, property
23 acquisition, property clearance, development, redevelopment,
24 rehabilitation, or conservation, or a combination or part
25 thereof, in accordance with a project plan, ~~or.~~

26 "c. ~~the~~ The utilization of underutilized real
27 property in an area determined by a local governing body to be

1 a Major 21st Century Manufacturing Zone, ~~and may include~~
2 including, but not limited to, property acquisition⁷; property
3 clearance⁷; development, including, without limitation, public
4 infrastructure improvements and any other improvements for the
5 construction and equipping of automotive, automotive-industry
6 related, aviation, aviation-industry related, medical,
7 pharmaceutical, semiconductor, computer, electronics, energy
8 conservation, cyber technology, or biomedical industry
9 manufacturing facilities⁷; or the redevelopment,
10 rehabilitation, or conservation⁷ or a combination or part
11 thereof⁷ in accordance with a project plan.

12 "(9) PROJECT COSTS. Any expenditures made or
13 estimated to be made or monetary obligations incurred or
14 estimated to be incurred by a public entity, which in the case
15 of expenditures for or within a Major 21st Century
16 Manufacturing Zone may be incurred directly by the public
17 entity or by a private entity with funds granted by, or
18 otherwise made available from, a public entity, which are
19 listed in a project plan as costs of public works or
20 improvements or, in the case of improvements within a Major
21 21st Century Manufacturing Zone, public works or improvements
22 or private improvements, within a tax increment district, plus
23 any costs incidental thereto, diminished by any special
24 assessments, received or reasonably expected to be received by
25 the public entity in connection with the implementation of the
26 project plan. Project costs include, but are not limited to,
27 all of the following:

1 "a. Capital costs, including the costs of the
2 acquisition, installation, or construction of public works or
3 improvements, new buildings, facilities or improvements,
4 structures, and fixtures, the preservation and renovation of
5 properties of historic significance and facades of properties,
6 the demolition, alteration, remodeling, repair, or
7 reconstruction of existing buildings, structures, facilities,
8 and fixtures, the improvement, maintenance, repair,
9 renovation, and replacement of property pursuant to a project
10 plan, the acquisition of equipment, the acquisition, clearing,
11 and grading of land, environmental remediation of real
12 property, and the acquisition of interests in land~~7.~~

13 "b. Financing costs, including all interest paid to
14 holders of tax increment obligations during the period of
15 implementation of the project plan, the costs of any form of
16 credit enhancement, printing and trustee costs, and any
17 premium paid in excess of the principal amount thereof because
18 of the redemption of ~~such~~ the obligations prior to maturity~~7.~~

19 "c. Real property assembly costs, meaning any
20 deficit resulting from the sale or lease as lessor by the
21 public entity of real or personal property within a tax
22 increment district for consideration which is less than its
23 cost to the public entity~~7.~~

24 "d. Professional service costs, including those
25 costs incurred for architectural, planning, engineering,
26 fiscal, underwriting, ~~and~~ legal advice and services~~7,~~ and
27 consulting and management services.

1 "e. Imputed administrative costs, including
2 reasonable charges for the time spent by officers and
3 employees of the public entity in connection with the
4 implementation of a project plan7.

5 "f. Relocation costs, including those relocation
6 payments made following condemnation under Chapter 1A of Title
7 187.

8 "g. Organizational costs, including the costs of
9 conducting environmental impact and other studies and the
10 costs of informing the public with respect to the creation of
11 tax increment districts and the implementation of project
12 plans7.

13 "h. The amount of any contributions made in
14 connection with the implementation of the project plan that
15 are within limits prescribed by law7.

16 "i. Payments made, at the discretion of the local
17 governing body, which are to be necessary or convenient to the
18 creation of tax increment districts or the implementation and
19 management of project plans~~7~~and.

20 "j. For purposes of any tax increment district in
21 which not less than 50 percent, by area, of the real property
22 within the tax increment district is an enhanced use lease
23 area, ~~project costs shall also include~~ all costs described in
24 this subdivision which are expended by a public entity or a
25 developer within three years immediately preceding the date of
26 the creation of ~~such~~ the tax increment district.

1 "(10) PROJECT PLAN. The properly approved plan by
2 the public entity creating a tax increment district for the
3 development, ~~or~~ redevelopment, or revitalization of a tax
4 increment district, including all properly approved amendments
5 thereto.

6 "(11) PUBLIC ENTITY. Any municipality or county in
7 the state.

8 "(12) TAX INCREMENT. That amount obtained by
9 multiplying the total revenue derived from ad valorem taxes
10 levied by all local taxing authorities on all taxable property
11 within a tax increment district in any tax year by a fraction
12 having a numerator equal to that tax year's market value of
13 all taxable property in the district minus the tax increment
14 base and a denominator equal to that tax year's equalized
15 value of all taxable property in the district. In any tax
16 year, a tax increment is positive if the tax increment base is
17 less than the aggregate value of taxable property as equalized
18 by the Department of Revenue; it is negative if the base
19 exceeds ~~such~~ that value.

20 "(13) TAX INCREMENT BASE. The aggregate value, as
21 equalized by the Department of Revenue, of all taxable
22 property located within a tax increment district on the date
23 the district is created, determined as provided in Section
24 11-99-5.

25 "(14) TAX INCREMENT DISTRICT. A contiguous
26 geographic area within the boundaries of a public entity
27 defined and created by resolution of the local governing body.

1 "(15) TAX INCREMENT FUND. A fund into which all tax
2 increments not retained by a taxing authority as provided by
3 Section 11-99-10~~(b)~~(a) are paid, and from which money is
4 disbursed to satisfy claims of holders of tax increment
5 obligations issued for the tax increment district.

6 "(16) TAX INCREMENT OBLIGATIONS. Bonds, warrants,
7 notes, or other evidences of indebtedness issued by a public
8 entity to fund all or any project costs.

9 "(17) TAXABLE PROPERTY. All real and personal
10 property located in a tax increment district which is subject
11 to ad valorem taxation on the date of adoption of the
12 resolution creating the tax increment district.

13 "(18) TAXING AUTHORITY.

14 "a. For tax increment districts in which not less
15 than 50 percent, by area, of the real property within the tax
16 increment district is a blighted or economically distressed
17 area, ~~taxing authority~~ the term means any municipality,
18 county, or other taxing authority which has the power to levy
19 taxes on property within the tax increment districts.

20 "b. For tax increment districts in which not less
21 than 50 percent, by area, of the real property within the tax
22 increment district is an enhanced use lease area, ~~taxing~~
23 ~~authority~~ the term means the state or any municipality,
24 county, or other taxing authority ~~which~~ that has the power to
25 levy taxes on property within the tax increment district.

26 "c. For tax increment districts in which not less
27 than 50 percent, by area, of the real property within the tax

1 increment district is a Major 21st Century Manufacturing Zone,
2 ~~"taxing authority"~~ the term means the state or any
3 municipality, county, or other taxing authority ~~which~~ that has
4 the power to levy taxes on property within the tax increment
5 district.

6 "§11-99-4.

7 "In order to exercise its powers under this chapter,
8 a public entity shall take the following steps:

9 "(1) The local governing body shall hold a public
10 hearing at which all interested parties are afforded a
11 reasonable opportunity to express their views on the concept
12 of tax increment financing, on the proposed creation of a tax
13 increment district and its proposed boundaries, and its
14 benefits to the public entity. Notice of the hearing shall be
15 published in a newspaper of general circulation in either the
16 county or in the city, as the case may be, in which the
17 proposed tax increment district is to be located with ~~such~~
18 notice to be published at least twice in the 15-day period
19 immediately preceding the date of the hearing. Prior to
20 publication, a copy of the notice shall be sent by first class
21 mail to the chief executive officer of each deferred tax
22 recipient.

23 "(2) In addition to the notice required by
24 subdivision (1) ~~of this section~~, and either before or after
25 ~~such~~ the public hearing, the local governing body shall make a
26 written submission to the governing body of each deferred tax
27 recipient. The submission shall include a description of the

1 proposed boundaries of the tax increment district, the
2 tentative plans for the development, ~~or~~ redevelopment, ~~or~~
3 revitalization of the tax increment district, and an estimate
4 of the general impact of the proposed project plan on property
5 values and tax revenues. Not later than the ~~fifteenth~~ 15th day
6 after the date on which the notice required by subdivision (1)
7 ~~of this section~~ is mailed, each deferred tax recipient shall
8 designate a representative empowered to meet with the local
9 governing body to discuss the project plan and the tax
10 increment financing and shall notify the local governing body
11 of its designation. Failure of any deferred tax recipient to
12 designate a representative within the 15-day period, or to
13 notify the local governing body of its designation, shall not
14 prevent the local governing body from proceeding hereunder. If
15 a deferred tax recipient ~~which~~ who has failed to so designate
16 a representative ~~shall~~ thereafter ~~designate~~ designates a
17 representative and ~~shall notify~~ notifies the local governing
18 body of ~~such~~ the designation, ~~such~~ the representative shall be
19 entitled to notice of any meetings held thereafter pursuant to
20 this section, and shall be entitled to attend ~~such~~ the
21 meetings, but shall have no right to have matters discussed
22 again which have already been discussed. The local governing
23 body shall call a meeting, or meetings, of the representatives
24 of the deferred tax recipients to be held at any time after 20
25 days from the mailing notice referred to in subdivision (1) ~~of~~
26 ~~this section~~. Each representative shall be notified of each
27 meeting at least three days before ~~it~~ the meeting is to be

1 held, but ~~such~~ notice may be waived. At the meetings, the
2 local governing body and the representatives of the deferred
3 tax recipients may discuss the boundaries of the tax increment
4 district, development within ~~such~~ the tax increment district,
5 the exclusion of particular parcels of property from ~~such~~ the
6 district, and tax collection for ~~such~~ the district. On the
7 motion of the local governing body any other matter relevant
8 to the proposed tax increment district may be discussed.

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

12 "a. Describes the boundaries of the tax increment
13 district with sufficient definiteness to identify with
14 ordinary and reasonable certainty the territory included,
15 which shall include only those whole units of property, other
16 than publicly owned property such as streets, easements, and
17 ~~rights-of-ways~~ rights-of-way, assessed for general property
18 tax purposes and, if the public entity is a county, which
19 shall include only those areas ~~which~~ that lie outside the
20 corporate limits of any municipality, unless the governing
21 body of a municipality has consented to the inclusion of land
22 within its corporate limits within a tax increment district
23 formed by a county⁷.

24 "b. Creates the tax increment district as of a given
25 date after the date of adoption of the resolution, which date
26 of creation of the tax increment district may be a date
27 subsequent to the date of expiration of the period of duration

1 of an existing tax increment district of the public entity,
2 and fixes the period for its duration, which may be for a
3 period not to exceed 30 years from the date of creation of the
4 tax increment district in the case of a tax increment district
5 in which not less than 50 percent, by area, of the real
6 property within the tax increment district is a blighted or
7 economically distressed area, and which may be for a period
8 not to exceed 35 years from the date of creation of the tax
9 increment district in the case of a ~~tax increment~~ district in
10 which not less than 50 percent, by area, of the real property
11 within the tax increment district is an enhanced use lease
12 area or a Major 21st Century Manufacturing Zone, unless an
13 amendment is made to the project plan under subdivision (7) ~~of~~
14 ~~this section,~~.

15 "c. Assigns a name to the tax increment district for
16 identification purposes, such as "tax increment district
17 number one"~~.~~.

18 "d. Contains findings, which shall not be subject to
19 judicial review except after a showing of fraud, corruption,
20 or undue influence, that:

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

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

10 "(4) The local governmental body shall prepare and
11 adopt a project plan for each tax increment district. The plan
12 shall include a statement listing the proposed projects,
13 including, without limitation and if applicable, the kind,
14 number, and location of all proposed public works or
15 improvements or, in the case of a Major 21st Century
16 Manufacturing Zone, public works or improvements or private
17 improvements, within the district; a detailed list of
18 estimated project costs; and a description of the methods of
19 financing all estimated project ~~cost~~ costs and the time when
20 related costs or monetary obligations are to be incurred. For
21 purposes of this chapter, any work or improvement for a
22 military installation and located within an enhanced use lease
23 area shall be deemed to be for public uses and purposes. The
24 project plan shall also include: A map showing existing uses
25 and condition of real property in the district; a map or
26 description showing proposed improvements and uses therein;
27 proposed changes of zoning, master map plan, building code,

1 and other ordinances or resolutions affecting the district; a
2 list of estimated nonproject costs; and a proposed plan for
3 the relocation of any families, persons, and businesses to be
4 temporarily or permanently displaced from housing or
5 commercial facilities in the district by implementation of the
6 plan.

7 "(5) The local governing body shall certify, which
8 certification shall not be subject to judicial review except
9 after a showing of fraud, corruption, or undue influence,
10 before approving the project plan that:

11 "~~a. The proposed tax increment district on the whole~~
12 ~~has not been subject to growth and development through~~
13 ~~investment by private enterprise and it is not reasonable to~~
14 ~~anticipate that the land in the district will be developed~~
15 ~~without the adoption of the project plan;~~

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

21 "~~c.~~ b. The project plan conforms to the applicable
22 master plan of the local entity, (if there is one); and

23 "~~d.~~ c. The project plan will afford maximum
24 opportunity, consistent with the sound needs of the public
25 entity as a whole, for the rehabilitation, or redevelopment,
26 or revitalization of the tax increment district by private
27 enterprise.

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

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

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

21 "§11-99-5.

22 "~~Upon the creation of a tax increment district~~
23 ~~or adoption of any amendment pursuant to subsection (c) of~~
24 ~~this section, the~~ The tax increment base shall be determined
25 as provided in this section.

26 "(b) Upon application in writing by the local
27 finance officer, the tax assessor, ~~for~~ the officer of the

1 county performing the duties of a tax assessor), for each
2 county in which any part of the district is located shall
3 determine, according to his or her best judgment from all
4 sources available to him or her, the full aggregate value of
5 the taxable property in the district located in that county as
6 of the date of creation of the tax increment district. The
7 aggregate valuation from all such tax assessors or other such
8 public officials, upon certification to the local finance
9 officer, shall constitute the tax increment base of the
10 district; provided, however, if a public entity creates a
11 district that is to succeed and continue the programs and
12 project plans for redevelopment and revitalization of property
13 in an existing tax increment district upon its expiration, the
14 public entity and each deferred tax recipient with respect to
15 the successor tax increment district, notwithstanding any
16 provision in this chapter to the contrary, by written mutual
17 agreement duly authorized, executed, and delivered thereby,
18 may agree that the aggregate value of all taxable property
19 included in both the expiring district and the successor
20 district shall be the aggregate value of the taxable property
21 as originally determined for the tax increment base of the
22 expiring district as of the date of creation of the expiring
23 district and without redetermination of the value of the
24 taxable property as of the date of creation of the successor
25 district or some other date.

26 "(c) If the public entity ~~creating~~ that created a
27 tax increment district in which not less than 50 percent, by

1 area, of the real property within the tax increment district
2 is a blighted or economically distressed area adopts an
3 amendment to the original project plan for ~~such~~ the tax
4 increment district ~~which~~ that includes additional project
5 costs for which tax increments may be received by ~~such~~ the
6 public entity, the tax increment base for the district shall
7 not be redetermined ~~pursuant to subsection (b) of this section~~
8 ~~as of 90 days following the effective date of the amendment,~~
9 ~~except that if the effective date of the amendment is October~~
10 ~~1 of any year, the redetermination shall be made on that date.~~
11 ~~The tax increment base as redetermined under this subsection~~
12 ~~shall be effective for the purposes of this chapter only if it~~
13 ~~exceeds the original tax increment base determined under~~
14 ~~subsection (b) of this section.~~

15 "(d) If the public entity ~~creating~~ that created a
16 tax increment district in which not less than 50 percent, by
17 area, of the real property within the tax increment district
18 is an enhanced use lease area or a Major 21st Century
19 Manufacturing Zone adopts an amendment to the original project
20 plan for ~~such~~ the tax increment district ~~which~~ that includes
21 additional project costs for which tax increments may be
22 received by ~~such~~ the public entity or an expansion of the tax
23 increment district, the tax increment base for the district
24 shall not be redetermined.

25 "(e) There shall be a rebuttable presumption that
26 any property within a tax increment district, l acquired or
27 leased as lessee by the public entity or any agency or

1 instrumentality thereof within one year immediately preceding
2 the date of the creation of the district, was so acquired or
3 leased in contemplation of the creation of the district. The
4 presumption may be rebutted by the public entity with proof
5 that the property was so leased or acquired primarily for a
6 purpose other than to reduce the tax increment base. If the
7 presumption is not rebutted, in determining the tax increment
8 base of the district, but for no other purpose, the taxable
9 status of ~~such~~ the property shall be determined as though ~~such~~
10 the lease or acquisition had not occurred.

11 "(f) The local tax assessor or person performing his
12 or her duties shall identify upon the tax records prepared by
13 him or her under Chapter 7 of Title 40 those parcels of
14 property which are within each existing tax increment
15 district, specifying the name of each district. A similar
16 notation shall also appear on the tax records made by the
17 local finance officer.

18 "(g) The Department of Revenue shall annually give
19 notice to the designated finance officer of all taxing
20 authorities levying taxes on property within each district as
21 to both the assessed and equalized value of the property and
22 the assessed and equalized value of the tax increment base.
23 The notice shall state that the taxes collected in excess of
24 the base will be paid to the public entity.

25 "§11-99-6.

26 "(a) Positive tax increments of a tax increment
27 district shall be allocated and paid over to the public entity

1 which created the district for each year commencing on the
2 October 1 following the date when the district is created
3 until the earlier of:

4 "(1) That time, after: (i) The period of duration of
5 the tax increment district, as established pursuant to this
6 chapter, has expired, and (ii) the completion of all projects
7 and public improvements specified in, or purposes of, the
8 project plan or amendments thereto, when the public entity has
9 received aggregate tax increments from the district in an
10 amount equal to the aggregate of all expenditures previously
11 made or monetary obligations previously incurred for project
12 costs for the district; or

13 "(2) Thirty-five years after the last expenditure
14 identified in the project plan is made. No expenditure may be
15 provided for in the project plan to be made more than five
16 years after the district is created, except as may be provided
17 in an amendment to the project plan, and except in Class 3
18 municipalities where ~~such~~ the expenditures may be made not
19 more than 10 years thereafter if so provided and in tax
20 increment districts in which not less than 50 percent, by
21 area, of the real property within the tax increment district
22 is an enhanced use lease area where ~~such~~ the expenditures may
23 be made not more than 15 years thereafter if so provided,
24 unless an amendment is adopted by the local governing body
25 under subdivision (7) of Section 11-99-4.

26 "(b) Notwithstanding any other provision of law,
27 every officer charged by law to collect and pay over or retain

1 local general property taxes in the case of a tax increment
2 district in which not less than 50 percent, by area, of the
3 real property within the tax increment district is a blighted
4 or economically distressed area, or state and local general
5 property taxes in the case of a tax increment district in
6 which not less than 50 percent, by area, of the real property
7 within the tax increment district is an enhanced use lease
8 area or a Major 21st Century Manufacturing Zone, shall first,
9 on the next settlement date provided by law, pay over to the
10 local finance officer out of all such taxes which have been
11 collected, that portion which that represents a tax increment
12 allocable to a tax increment district, identifying the amount
13 for each district.

14 "(c) All tax increments received for a tax increment
15 district ~~shall~~, upon receipt by the local finance officer,
16 shall be deposited into the tax increment fund for that
17 district. The local finance officer may deposit additional
18 ~~moneys~~ monies into the fund pursuant to an appropriation by
19 the local governing body. ~~Moneys~~ Monies shall be paid out of
20 the fund only for direct payment of, or to reimburse the
21 public entity for payments theretofore made by it for
22 principal of or interest on tax increment obligations for that
23 district if ~~such~~ the obligations are general obligations of
24 the public entity, or to satisfy claims of holders of tax
25 increment obligations issued for that district, or for direct
26 payment of, or to reimburse the public entity for payments
27 theretofore made by ~~it~~ the public entity that are used to pay

1 project costs. Subject to any agreement with security holders,
2 ~~moneys~~ monies in the fund may be temporarily invested in the
3 same manner as other surplus funds of the public entity. After
4 the principal of and interest on all tax increment obligations
5 of the district have been paid or provided for, subject to any
6 agreement with security holders, if there ~~remain~~ remains in
7 the fund any ~~moneys~~ monies, they shall be paid over to the
8 chief finance officer of the state, each county, each
9 municipality, each school district, and to the general fund of
10 the public entity in ~~such~~ amounts as are due to each
11 respectively, having due regard for what portion of ~~such~~
12 ~~moneys~~ these monies, if any, represents tax increments not
13 allocated to the public entity and what portion thereof, if
14 any, represents voluntary deposits of the public entity into
15 the fund.

16 "§11-99-8.

17 "(a) Payment of project costs may be made by any of
18 the following methods or any combination thereof:

19 "(1) Payment from the tax increment fund of the tax
20 increment district if the purpose of the payment is one
21 provided for in Section 11-99-6 ~~hereof~~.

22 "(2) Payment out of the general funds of the public
23 entity creating a tax increment district, ~~such~~ the payments
24 being used either directly by the public entity to pay ~~such~~
25 the project costs or used by a third party recipient of such
26 funds to pay ~~such~~ the project costs if within a Major 21st
27 Century Manufacturing Zone.

1 "(3) Payment out of the proceeds of the sale of
2 warrants, bonds, or notes (whether public improvement bonds,
3 warrants, or notes; mortgage bonds, warrants, or notes; or
4 certificates, revenue bonds, warrants, or notes; or
5 otherwise) issued by the public entity creating a tax
6 increment district, ~~such the~~ payments being used either
7 directly by the public entity to pay ~~such the project~~ costs or
8 used by a third party recipient of ~~such the~~ funds to pay ~~such~~
9 the project costs if within a Major 21st Century Manufacturing
10 Zone.

11 "(4) Payment out of the proceeds of the sale of tax
12 increment obligations issued by the public entity creating a
13 tax increment district under this ~~section~~ chapter, ~~such the~~
14 payments being used either directly by the public entity to
15 pay ~~such the project~~ costs or used by a third party recipient
16 of such funds to pay ~~such the project~~ costs if within a Major
17 21st Century Manufacturing Zone, ~~and~~.

18 "(5) Payment as otherwise provided by law.

19 "(b) For the purposes of paying project costs or of
20 refunding obligations issued ~~as otherwise provided by law or~~
21 ~~under this section~~ pursuant to the authority of this chapter or
22 other applicable law , the local governing body may issue tax
23 increment obligations payable out of positive tax increments.
24 ~~Such The~~ tax increment obligations shall not be included in
25 the computation of the constitutional debt limitation of the
26 public entity unless they are also secured by a pledge of the
27 full faith and credit of the public entity.

1 "(c) Tax increment obligations may be authorized by
2 resolution of the local governing body without the necessity
3 of a referendum or any approval by the electorate. The
4 resolution shall state the name of the tax increment district,
5 the amount of obligations authorized, and the interest rate or
6 rates to be borne thereby or the method of computing the same.
7 The resolution may prescribe the terms, form, and content of
8 the obligations and such other matters as the local governing
9 body deems useful.

10 "(d) Tax increment obligations may not be issued in
11 an amount exceeding the aggregate project costs of a project
12 or projects specified in a project plan, as such plan may be
13 amended. The tax increment obligations shall mature not more
14 than 30 years from the date thereof. The tax increment
15 obligations may: (i) ~~contain~~ Contain provisions authorizing
16 the redemption thereof, in whole or in part, at stipulated
17 prices, at the option of the public entity creating the
18 district, on any dates named therein and provide the method of
19 selecting the obligations to be redeemed, (ii) be payable at
20 any time or times and at any place, (iii) be payable to bearer
21 or registered as to principal or principal and interest, (iv)
22 be in any denominations, and (v) be sold at public or private
23 sale.

24 "(e) Tax increment obligations shall be payable only
25 out of a stipulated tax increment fund created pursuant to
26 Section 11-99-6 ~~hereof~~, except as provided in ~~paragraph~~
27 subsection (f) ~~of this section~~. The ~~local governing body~~

1 public entity creating the district shall irrevocably pledge
2 all or a part of ~~such~~ the tax increment fund to the payment of
3 the tax increment obligations. The amounts in the tax
4 increment fund may thereafter be used only for the payment of
5 the principal of and interest on the tax increment obligations
6 payable therefrom until ~~they~~ the principal and interest have
7 been fully paid; provided, the amounts, if any, in the tax
8 increment fund in excess of the amount required to pay the
9 principal of and interest on the tax increment obligations
10 becoming due and payable in any fiscal year of the local
11 governing body may be used for the payment of project costs.

12 "(f) To increase the security and marketability of
13 tax increment obligations, the public entity may do any of the
14 following:

15 "(1) ~~Create~~ To the extent permitted by the
16 Constitution of Alabama of 1901, as amended, create a
17 non-forclosable lien for the benefit of the security holders
18 upon any public improvements or public works financed thereby
19 ~~or the revenues therefrom;.~~

20 "(2) Pledge the full faith and credit of the public
21 entity to the payment thereof; ~~and.~~

22 "(3) Make covenants and do any and all acts as may
23 be necessary or convenient or desirable in the judgment of the
24 local governing body in order additionally to secure ~~such~~ the
25 obligations or make the obligations more marketable.

26 "(g) For the purpose of paying project costs, the
27 ~~local governing body~~ public entity creating the tax increment

1 district may also allow payments to be made in full at the
2 time ~~such~~ the project costs accrue, thus allowing a project to
3 be all or partially funded on a pay-as-you-go basis.

4 "§11-99-10.

5 ~~"(a) With respect to any taxing authority other than
6 the public entity which created the tax increment district,
7 the calculation of the equalized valuation of taxable property
8 in a tax increment district may not exceed the tax increment
9 base of the district until the district is terminated, unless
10 agreement has been made for other arrangements under
11 subsection (b) of this section.~~

12 ~~"(b) (a) In such cases where~~ If it can be shown that
13 losing tax increments would be harmful to any given taxing
14 authority or cause ~~such~~ a taxing authority not to honor a
15 prior binding commitment, by contract executed with the public
16 entity creating a tax increment district prior to the
17 designation of the tax increment district, and if an agreement
18 has been made for such allowances through a process of
19 negotiation at the time of the creation of the tax increment
20 district, a taxing authority may make payments into the tax
21 increment fund, less the sum of:

22 "(1) Any property taxes produced from the tax
23 increments which are required to be paid by the taxing
24 authority to another political subdivision; and

25 "(2) A portion, not to exceed 20 percent or a
26 one-time payment mutually agreed upon at the time of the
27 creation of the tax increment district, of the tax increment

1 produced in the district by the taxes levied on behalf of that
2 taxing authority.

3 "~~(c)~~ (b) All tax increments ~~which~~ that have accrued
4 with respect to school districts under this chapter shall be
5 determined and the amounts shall be paid on February 1 of each
6 year out of the taxes of all school districts ~~which~~ that have
7 territory in a tax increment district.

8 "~~(d)~~ (c) The use of the increased valuations in the
9 tax increment district before the completion of the project in
10 calculating any general state school aid formula is
11 prohibited.

12 "~~(e)~~ (d) A taxing authority ~~is not~~ may, but shall
13 not be required to, pay a tax increment into the tax increment
14 fund for a district beyond ~~three~~ five years from the date the
15 district was created unless one or more of the following
16 conditions exist or have been met:

17 "(1) Tax increment obligations have been issued for
18 the district~~;~~.

19 "(2) The public entity that created the tax
20 increment district has acquired an interest in any property
21 within the district pursuant to the project plan~~;~~or.

22 "(3) Construction of improvements pursuant to the
23 project plan has commenced in the district."

24 Section 2. The provisions of this act are severable.
25 If any part of this act is declared invalid or
26 unconstitutional, that declaration shall not affect the part
27 which remains.

1 Section 3. This act shall become effective
2 immediately following its passage and approval by the
3 Governor, or its otherwise becoming law.