

1 HB400  
2 203649-2  
3 By Representatives Ledbetter and Jones (M)  
4 RFD: County and Municipal Government  
5 First Read: 05-MAR-20

SYNOPSIS: Under current law, the maximum compensation for members of municipal utility boards is set by statute.

This bill would allow the governing body of certain municipalities to determine compensation for members of its utility boards without a set maximum.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to municipal utility boards; to amend Section 11-50-313, Code of Alabama 1975, to allow the governing body of certain municipalities to set compensation for members of utility boards.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 11-50-313, Code of Alabama 1975, is amended to read as follows:

"§11-50-313.

1           "(a) Each corporation formed or the certificate of  
2 incorporation of which is amended under this article shall  
3 have a board of directors which shall constitute the governing  
4 body of the corporation, which board shall consist of at least  
5 three members. In any Class 4 municipality which has adopted a  
6 mayor-council form of government pursuant to Chapter 43B  
7 (commencing with Section 11-43B-1) of this title, any  
8 corporation formed pursuant to this chapter may have a  
9 governing body which shall consist of seven members. Any  
10 corporation, located in any Class 5 municipality, which is  
11 governed by a local law enacted in the 1995 Regular Session  
12 may have a governing body which shall consist of seven  
13 members.

14           "(b) No fee shall be paid to any director for  
15 services rendered with respect to a sanitary sewer system. In  
16 any instance where the system or systems owned and operated by  
17 the corporation are any one or more of a water system, a gas  
18 system, and an electric system, the chair of the board of  
19 directors may, at the discretion of the governing body of the  
20 municipality with respect to which the corporation was  
21 primarily organized, be paid a director's fee in an amount to  
22 be set and established by the governing body in an amount not  
23 exceeding six hundred dollars (\$600) per meeting attended, not  
24 to exceed seven thousand two hundred dollars (\$7,200) per  
25 year, for one system and ten dollars (\$10) each meeting for  
26 each additional system. Each member of the board of directors,  
27 other than the chair, may be paid a director's fee in an

1 amount to be set and established by the governing body in an  
2 amount not exceeding four hundred dollars (\$400) per meeting  
3 attended, not to exceed four thousand eight hundred dollars  
4 (\$4,800) per year for the system. Notwithstanding the  
5 foregoing, where the municipality with respect to which the  
6 corporation was primarily organized has less than 5,000  
7 inhabitants according to the most recent official census, the  
8 maximum total amount of director's fees which may be paid to  
9 the chair of its board of directors shall not exceed six  
10 hundred dollars (\$600) per meeting attended, not to exceed  
11 seven thousand two hundred dollars (\$7,200) per year, and the  
12 maximum total amount of director's fees which may be paid to  
13 any other member of the board of directors shall not exceed  
14 four hundred dollars (\$400) per meeting attended, not to  
15 exceed four thousand eight hundred dollars (\$4,800) per year.  
16 In all cities having populations of not less than 6,500 nor  
17 more than 8,500 according to the most recent federal decennial  
18 census, the members of the board of directors, including the  
19 chair, may each be paid a director's fee. The chair of the  
20 board shall be compensated in an amount not to exceed six  
21 hundred dollars (\$600) per meeting attended, not to exceed  
22 seven thousand two hundred dollars (\$7,200) per year. Each  
23 director, other than the chair, shall be compensated in an  
24 amount not to exceed four hundred dollars (\$400) per meeting  
25 attended, not to exceed four thousand eight hundred dollars  
26 (\$4,800) per year. In all cities having populations of not  
27 less than 12,500 nor more than 13,500 according to the most

1 recent federal decennial census, the chair of the board of  
2 directors, at the discretion of the board, may be paid a  
3 director's fee in an amount not exceeding six hundred dollars  
4 (\$600) per meeting attended, not to exceed seven thousand two  
5 hundred dollars (\$7,200) per year, and each member of the  
6 board other than the chair may be paid a director's fee in an  
7 amount not exceeding four hundred dollars (\$400) per meeting  
8 attended, not to exceed four thousand eight hundred dollars  
9 (\$4,800) per year. In all cities having populations of not  
10 less than 23,000 nor more than 27,000 according to the most  
11 recent federal decennial census, the chair of the board of  
12 directors, at the discretion of the board, may be paid a  
13 director's fee in an amount not exceeding six hundred dollars  
14 (\$600) per meeting attended, not to exceed seven thousand two  
15 hundred dollars (\$7,200) per year, and each member of the  
16 board other than the chair may be paid a director's fee in an  
17 amount not exceeding four hundred dollars (\$400) per meeting  
18 attended, but not to exceed four thousand eight hundred  
19 dollars (\$4,800) per year. In all cities located in Jefferson  
20 County, Alabama, the chair of the board of directors, at the  
21 discretion of the board, may be paid a director's fee in an  
22 amount not exceeding four hundred fifty dollars (\$450) each  
23 month for one system and fifty dollars (\$50) per month for  
24 each additional system; and each member of the board other  
25 than the chair may be paid a director's fee in an amount not  
26 exceeding four hundred dollars (\$400) each month for one  
27 system and forty dollars (\$40) per month for each additional

1 system. In all the cities in Franklin County, including all  
2 Franklin County water or sewer board or utility system or  
3 boards, or both, located therein, the director's fee shall not  
4 exceed six hundred dollars (\$600) each month for each system.  
5 The board in the cities of Franklin County may also establish  
6 a chair's fee in a higher amount by a vote of such body not to  
7 exceed seven hundred fifty dollars (\$750) per meeting. All  
8 members of the board of directors of any corporation organized  
9 pursuant to this article shall be reimbursed for actual  
10 expenses incurred in and about the performance of their duties  
11 pursuant to this article. Notwithstanding the foregoing, in a  
12 Class 7 municipality, the chair of the board of directors of a  
13 corporation formed under this chapter which owns and operates  
14 a water system, an electric system, and a sewer system may, at  
15 the discretion of the governing body of the municipality with  
16 respect to which the corporation was primarily organized, be  
17 paid a director's fee in an amount to be set and established  
18 by the governing body. Each member of the board of directors,  
19 other than the chair, may be paid a director's fee in an  
20 amount to be set and established by the governing body.

21 "(c) Except as provided herein, any officer of the  
22 municipality shall be eligible for appointment and may serve  
23 as a member of the board of directors for the term for which  
24 he or she is appointed or during his or her tenure as a  
25 municipal officer, whichever expires first, and may receive a  
26 fee for his or her services, provided it is first approved by  
27 the board of directors. At no time shall the board consist of

1 more than two officers of the municipality. The directors of  
2 the corporation shall be elected by the governing body of the  
3 municipality, and they shall be elected to hold office for  
4 staggered terms. The first term of office of one director  
5 shall be two years, of another director shall be four years,  
6 and of a third director shall be six years, as shall be  
7 designated at the time of their election, and thereafter the  
8 term of office of each director shall be six years. The  
9 governing body of any municipality which has heretofore or  
10 hereafter authorized the creation of a corporation as provided  
11 in this article may increase the board of directors from three  
12 to five members to serve according to all the conditions and  
13 terms set forth in this article. In the event the governing  
14 body elects to increase the board of directors from three to  
15 five members, one member added to the board shall be appointed  
16 for a term of four years and the remaining member for a term  
17 of six years, and thereafter the term of each director shall  
18 be six years. At no time shall the board consist of more than  
19 three officers of the municipality. Any officer of the  
20 municipality appointed to serve as a member of the board of  
21 directors shall serve for the term for which he or she is  
22 appointed or during his or her tenure as a municipal officer,  
23 whichever expires first. Notwithstanding the foregoing, the  
24 certificate of incorporation or an amendment to the  
25 certificate heretofore or hereafter adopted may restrict or  
26 prohibit service on the board of directors by officers of the  
27 municipality.

1           "(d) Nothing in Act 2007-458 and nothing in  
2 subsection ~~(b)~~ (f) as amended by Act 2010-580 shall apply to  
3 the City of Montgomery or the City of Prichard Water and Sewer  
4 Board.

5           "(e) The amendatory provisions of this ~~subsection~~  
6 section as provided in Act 2010-580 and the provisions of Act  
7 2007-458 shall not affect the current board director and  
8 member fees in the City of Birmingham.

9           "~~(b)~~ (f) The governing body of any municipality  
10 which has a population of less than 5,000 according to the  
11 most recent federal census and which has heretofore or  
12 hereafter authorized the creation of a corporation as provided  
13 in this division may increase the board of directors from five  
14 to seven members to serve according to all the conditions and  
15 terms set forth in this division. In the event the governing  
16 body elects to increase the board of directors from five to  
17 seven members, one member added to the board shall be  
18 appointed for a term of four years and the remaining member  
19 for a term of six years, and thereafter the term of each  
20 director shall be six years. At no time shall the board  
21 consist of more than three officers of the municipality. Any  
22 officer of the municipality appointed to serve as a member of  
23 the board of directors shall serve for the term for which he  
24 or she is appointed or during his or her tenure as a municipal  
25 officer, whichever expires first."



1                   Section 2. This act shall become effective on the  
2 first day of the third month following its passage and  
3 approval by the Governor, or its otherwise becoming law.