

**HB337 ENROLLED**



1 HB337  
2 XDYIT7E-3  
3 By Representatives Whitt, Reynolds, Rigsby, Lomax, Moore (P),  
4 Lands, Whorton, Hall (Constitutional Amendment)  
5 RFD: Madison County Legislation  
6 First Read: 27-Jan-26



## HB337 Enrolled

1 Enrolled, An Act,

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3 To propose an amendment to the Constitution of Alabama  
4 of 2022, relating to Madison County, to bring certain  
5 privately owned sewer systems that use public rights-of-way of  
6 public roads under the jurisdiction of the Public Service  
7 Commission under certain conditions.

8 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

9 Section 1. The following amendment to the Constitution  
10 of Alabama of 2022, is proposed:

11 PROPOSED AMENDMENT

12 (a) This amendment shall apply only in Madison County.

13 (b) Except as provided in subsection (c), any privately  
14 owned entity operating a plant, property, or facility that  
15 collects, treats, or disposes of sewage shall be certified and  
16 regulated by the Public Service Commission, including  
17 regulation of the rates, charges, and increases in rates or  
18 charges imposed on customers if the private entity does all of  
19 the following:

20 (1) Uses, directly or through a lease or contract,  
21 public rights-of-way of public roads for any part of its  
22 collection or disposal system.

23 (2) Discharges to a Grade I, II, III, or IV wastewater  
24 treatment facility as defined in and by the classification  
25 system used by the Alabama Department of Environmental  
26 Management on January 1, 2020, and its equivalent  
27 classification thereafter.

28 (3) Bills residential or commercial customers a flat



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29 service fee or a fee based on water usage.

30 (c) (1) The Public Service Commission shall certify and  
31 regulate all privately owned entities described in subsection  
32 (b) in accordance with Title 37, Code of Alabama 1975.  
33 Implementation of this amendment, whether gradual or at one  
34 time, shall be determined by the Public Service Commission.  
35 Until the Public Service Commission determines applicable  
36 rates and charges to be imposed on customers, the rates and  
37 charges shall be in accord with and governed by the most  
38 recent and controlling rate control agreement, or in the event  
39 there is not a controlling rate control agreement, the private  
40 entity's most recent published rate on the effective date of  
41 this amendment.

42 (2) The Public Service Commission, when determining the  
43 rates and charges to be imposed on customers of privately  
44 owned entities described in subsection (b), shall exclude from  
45 the calculation of contribution in aid of construction, as  
46 defined in 26 U.S.C. § 118, any fees or charges, including  
47 connection fees, tap fees, and capacity payments, which are  
48 paid by the customers in order to connect to the utility  
49 system, if the entity pays state or federal taxes on the fees  
50 or charges.

51 (d) (1) If the county or a municipality or governmental  
52 utility service corporation (GUSC) in the county enters into a  
53 rate control agreement with a privately owned entity described  
54 in subsection (b), the county, municipality, or GUSC may opt  
55 out of regulation by the Public Service Commission as to and  
56 for any residential or commercial customers affected by, and



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57 are subject to, the rate control agreement.

58 (2) If a rate control agreement or any part thereof is  
59 found to be invalid, is terminated by the county,  
60 municipality, or GUSC that entered into the rate control  
61 agreement, or becomes unenforceable or void in whole or in  
62 part, then the jurisdiction of the Public Service Commission  
63 and the provisions in subsection (c) pertaining to regulation  
64 by the Public Service Commission shall by operation of law be  
65 restored and enforced to the full force and effect of this  
66 amendment.

67 (e) If Public Service Commission jurisdiction is  
68 restored after the county, municipality, or GUSC has exercised  
69 its opt out provision provided in subsection (c) and has  
70 voluntarily terminated the rate control agreement, the county,  
71 municipality, or GUSC may not again exercise its power to opt  
72 out of Public Service Commission jurisdiction and rate control  
73 for a period of five years from the date that Public Service  
74 Commission jurisdiction is reinstated.

75 (f) If a privately owned entity described in subsection  
76 (b) serves customers located in more than one municipality,  
77 the opt out option provided in subsection (c) shall vest with  
78 the municipality that has a rate control agreement executed as  
79 of or prior to January 1, 2026, subject to approval of the  
80 Madison County Commission.

81 Upon ratification of this constitutional amendment, the  
82 Code Commissioner shall number and place this amendment as  
83 appropriate in the constitution omitting this instructional  
84 paragraph and may make the following nonsubstantive revisions:



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85 change capitalization, hierarchy, spelling, and punctuation  
86 for purposes of style and uniformity; correct manifest  
87 grammatical, clerical, and typographical errors; revise  
88 internal or external citations and cross-references; harmonize  
89 language; and translate effective dates.

90 END PROPOSED AMENDMENT

91 Section 2. An election upon the proposed amendment  
92 shall be held in accordance with Sections 284, 284.01, and 285  
93 of the Constitution of Alabama of 2022, and the election laws  
94 of this state. The appropriate election official shall assign  
95 a ballot number for the proposed constitutional amendment on  
96 the election ballot and shall set forth the following  
97 description of the substance or subject matter of the proposed  
98 constitutional amendment:

99 "Relating to Madison County, proposing an amendment to  
100 the Constitution of Alabama of 2022, to bring under the  
101 jurisdiction of the Public Service Commission certain  
102 privately owned sewer systems that use public rights-of-way of  
103 public roads under certain conditions.

104 Proposed by Act \_\_\_\_."

105 This description shall be followed by the following  
106 language:

107 "Yes( ) No( )."

108 Section 3. The proposed amendment shall become valid as  
109 part of the Constitution of Alabama of 2022, when approved by  
110 a majority of the qualified electors voting thereon.



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Speaker of the House of Representatives

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President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 17-Feb-26, as amended.

John Treadwell  
Clerk

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Senate	<b>31-Mar-26</b>	Amended and Passed
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House	<b>31-Mar-26</b>	Concurred in Senate Amendment
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