SB242

MB561H1-1

By Senators Singleton, Chesteen, Allen, Albritton, Melson, Stutts, Barfoot, Butler, Reed, Smitherman, Roberts, Sessions, Elliott, Kitchens, Kelley, Coleman-Madison, Hovey, Livingston, Price, Williams

RFD: Fiscal Responsibility and Economic Development

First Read: 21-Mar-24

SYNOPSIS:

This bill would authorize counties and municipalities to authorize the incorporation of an innovation district within the county or municipality as a public corporation for the purpose of undertaking activities or acquiring property by the district, and using public revenues for the establishment, benefit, or support of qualified enterprises, as designated by the Department of Commerce, through public revenues.

This bill would provide procedures for the creation and dissolution of an innovation district.

This bill would provide for the powers of an innovation district, and provide for the powers of the board of directors of an innovation district.

This bill would exempt districts from fees and charges imposed by a judge of probate and from taxation.

This bill would exempt districts from competitive bid laws and from other specified state oversight.

A BILL

TO BE ENTITLED

AN ACT

Relating to economic development; to provide for the establishment of public corporations known as districts to support certain economic development activities using public revenues; to provide for the creation and dissolution of districts; to provide the powers of districts and the powers and duties of the board of directors of districts; to exempt districts from certain laws and requirements, including taxation and competitive bid laws.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Definitions.

When used in this act, the following terms have the following meanings unless the context clearly indicates otherwise:

(1) APPLICANT. Each natural person who has executed and filed a written application with the governing body of any subdivision for the incorporation of an innovation district.

(2) AUTHORIZING RESOLUTION. A resolution adopted by a governing body to authorize the incorporation of an innovation district.

(3) AUTHORIZING SUBDIVISION. Any county or municipality the governing body of which has adopted an authorizing resolution.

(4) BOARD. The board of directors of an innovation district.

(5) CORPORATE PERSON. Any corporation, partnership, association, or organization which may be incorporated or organized under any chapter of Title 10 of the Code of Alabama

1975, or under the laws of any state of the United States.

(6) DIRECTOR. A member of the board of directors of the district.

(7) DISTRICT. A public corporation incorporated pursuant to this act.

(8) ELIGIBLE TAX. Any tax levied within an innovation district by an authorizing subdivision the proceeds of which tax may be used by the authorizing subdivision for any lawful purpose without violation of any contractual agreement, the terms of the ballot by which the tax was voted, any state law or provision of the state constitution, or any order or ruling of any agency, branch, department, or instrumentality of the state or the United States.

(9) FINANCIAL OBLIGATION. Any contractual obligation of any person, whether direct, indirect, or contingent, to pay or provide money to, or for the benefit of, any person or persons, as evidenced by any agreement or instrument, including, but not limited to, any bond, certificate, economic incentive grant agreement, funding or guaranty agreement, installment sale agreement, lease agreement, negotiable instrument, note, or warrant.

(10) GOVERNING BODY. The elected group of natural persons which is organized for the purposes of exercising the legislative functions and powers of a public person.

(11) NATURAL PERSON. A natural person who is 21 years of age or older.

(12) PERSON. Collectively, corporate persons, natural persons, and public entities.

(13) PRINCIPAL OFFICE. The principal office of an innovation district as stated in the certificate of incorporation.

(14) PROJECT. Any activity undertaken, or property acquired or provided in whole or in part, by an innovation district for the establishment, benefit, or support of a qualified enterprise.

(15) PROPERTY. Any tangible or intangible property and interests therein, including all property characterized under state law as real, personal, or mixed.

(16) PUBLIC CORPORATION. Any public corporation organized under the laws of the state.

(17) PUBLIC ENTITY. Any county, municipality, public corporation, or any political subdivision, or other instrumentality, of the state.

(18) QUALIFIED ENTERPRISE. Any activity, business, or trade that is:

a. Identified in the Alabama Department of Commerce's most recent economic development plan; or

b. Determined by a board to conduct operations in furtherance of the legislative purposes of this act.

(19) SPECIAL PUBLIC REVENUES. Any funds or revenues of an authorizing subdivision, including, but not limited to, the proceeds of any eligible tax, which funds, revenues, or tax proceeds shall be assigned or pledged, in whole or in part, by the authorizing subdivision for the benefit of an innovation district as provided in the authorizing resolution of the authorizing subdivision with respect to, and described in, the

certificate of incorporation of the district.

(20) SUBDIVISION. Any county or municipality.

Section 2. Legislative Findings and Intent.

(a) The Legislature finds and determines the public good and welfare and the economy of the state are best served by the exercise of the police power of the Legislature to provide public resources for the development, growth, improvement, and support of new and creative economic opportunities for existing and future qualified enterprises to establish and continue projects in this state for innovative processes and products, specifically including those business sectors expressly identified in Accelerate Alabama 2.0, the economic development strategic plan developed by the Department of Commerce.

(b) In furtherance of subsection (a) the legislative intent and public purpose of this act is:

(1) To provide authority to municipalities and counties for the creation of districts with corporate authority and power to provide, in the discretion of the districts, public resources, including, without limitation, special public revenues, on a continuing basis to qualified enterprises for the location, development, support, and continuation of projects in the state; and

(2) To provide authority to public entities to provide public resources to, or for the benefit of, districts.

Section 3. Incorporation and Organization of an innovation district; Certificate of Incorporation.

(a) The governing body of any subdivision, or the

governing bodies of any two or more subdivisions, may authorize the incorporation and organization of an innovation district as a public corporation of the state, with powers set forth in this act, for the purpose of establishing or undertaking any project.

(b) In order to incorporate and organize an innovation district, not less than three natural persons who are duly qualified electors of a proposed authorizing subdivision shall file a written application with the governing body of each proposed authorizing subdivision. The application shall:

(1) State that the applicants propose to incorporate an innovation district pursuant to this act;

(2) State the name of each subdivision with which the application is filed;

(3) State that each of the applicants is a duly qualified elector of a proposed subdivision;

(4) Attach the proposed certificate of incorporation of the proposed district and state that the proposed certificate of incorporation is attached to the application and made a part thereof; and

(5) Request the governing body of each proposed subdivision to adopt a resolution declaring that it is wise, expedient, and necessary that the proposed district be formed, that the proposed certificate of incorporation of the district be approved, and that the applicants are authorized and directed to proceed to form the proposed district by the filing for record of a certificate of incorporation in accordance with the provisions of this act.

(c) The certificate of incorporation of an innovation district shall state all of the following:

(1) The names of the individuals forming the district, and that each of them is a duly qualified elector of an authorizing subdivision.

(2) The name of the district, which may be a name indicating in a general way the area proposed to be included within or served by the district and shall include the words "_____ Innovation District," or "The Innovation District of _____," the blank spaces to be filled in with the name of the authorizing subdivisions or other geographically descriptive word or words, such descriptive word or words not, however, to preclude the district from locating facilities or otherwise exercising its powers in other geographical areas.

(3) That the district is organized pursuant to the provisions of this act.

(4) The name of each authorizing subdivision together with the date on which the governing body thereof adopted an authorizing resolution.

(5) The period for the duration of the district, which may be perpetual subject to the provisions of this act.

(6) The location of the principal office of the district, which must be within the boundaries of an authorizing subdivision.

(7) The number of members, which must be an odd number not less than three, of the board of directors of the district, with each director to hold a place on the board, which may be designated by number in consecutive order, and

for each such place the duration of the term of office, which shall not be in excess of six years, for the director holding such place, and, subject to the provisions of this act, the person or persons, which may include any natural person, any corporate person, any public entity, or the state, having the authority and power of appointment of the director holding such place; provided, however, a majority of the directors of the district must be appointed by one or more of the authorizing subdivisions. Additionally, the certificate of incorporation may allow for the Alabama Innovation Corporation to appoint a single, non-voting director who shall not count towards the establishment of a quorum.

(8) The terms of any prohibition, limitation, or condition with respect to the exercise of any authority or power of the district.

(9) Any provision that provides for the vesting of title to its property upon dissolution of the district which must not be in violation of this act or other state law.

(10) That the district shall be a nonprofit corporation and no part of its net earnings remaining after payment of its expenses shall inure to the benefit of any individual, firm, or corporation.

(11) Any other provision that:

a. Describes any special public revenues that have been pledged or assigned to the district by an authorizing subdivision in the authorizing resolution; and

b. May be required to be included in the certificate of incorporation by an authorizing subdivision in the authorizing

resolution and which must not be in violation of this act or any other state law.

(d)(1) The governing body of a subdivision with which an application is filed pursuant to this act, as promptly as practicable, shall review the application and the attached form of certificate of incorporation and thereupon, at any regular or special meeting called and held in accordance with state law, either adopt a resolution denying the application or adopt an authorizing resolution in which the governing body declares that it is wise, expedient, and necessary that the proposed district be formed, approve the form and content of its certificate of incorporation, and authorize and direct the applicants to proceed to form the proposed district by the filing for record of the proposed certificate of incorporation in accordance with this act.

(2) The governing body of each subdivision that has adopted an authorizing resolution shall cause the resolution to be made a part of the minutes and record of the meeting of the governing body during which the authorizing resolution was adopted.

(3) An authorizing resolution shall operate and be construed only as historical and evidential. An authorizing resolution shall not operate or be construed as of general and permanent nature or operation, may be adopted at the same meeting at which it is introduced, and shall be effective immediately upon adoption without posting or publication by any electronic, printed, or other means.

(e) As soon as practicable after the adoption of an

authorizing resolution by each authorizing subdivision, the applicants shall do all of the following:

(1) Execute and acknowledge the certificate of incorporation as approved by each of the authorizing subdivisions before an officer authorized by law to take acknowledgments to deeds.

(2) Attach to the certificate of incorporation both of the following:

a. A certified copy of each authorizing resolution.

b. A certificate by the Secretary of State stating that the name proposed for the district is not identical to that of any other corporation organized under state law or so nearly similar as to lead to confusion and uncertainty.

(3) File the certificate of incorporation for record in the office of the judge of probate of the county in which the principal office of the district is to be located.

(f) Upon the filing for record of the certificate of incorporation, the district shall come into existence and shall constitute a public corporation under the name set forth in the certificate of incorporation, whereupon the district shall be vested with all authority, powers, and rights granted by this act, and the judge of probate shall send a notice to the Secretary of State that the certificate of incorporation of the district has been filed for record.

(g) The certificate of incorporation of any district may be amended in the following manner:

(1) The board shall first adopt a resolution proposing an amendment to the certificate of incorporation which must be

set forth in full in the resolution. The amendment may include any matters that may have been included in the original certificate of incorporation.

(2) After the adoption by the board of a resolution proposing an amendment to the certificate of incorporation of the district, the chair of the board and the secretary of the district shall sign and file a written application in the name of and on behalf of the district with the governing body of each authorizing subdivision, requesting the governing body to adopt a resolution approving the proposed amendment, and accompanied by a certified copy of the resolution adopted by the board proposing the amendment to the certificate of incorporation, together with documents in support of the application as the chair considers appropriate.

(3) As promptly as practicable after the filing of the application with the authorizing subdivision, the governing body shall review the application and shall either adopt a resolution denying the application or adopt a resolution authorizing the proposed amendment. The governing body of each subdivision that has adopted a resolution approving the amendment shall cause the resolution to be made a part of the minutes and record of the meeting of the governing body during which the resolution was adopted. A resolution approving an amendment shall operate and be construed only as historical and evidential. An authorizing resolution shall not operate or be construed as of general and permanent nature or operation, may be adopted at the same meeting at which it is introduced, and shall be effective immediately without posting or

publication by any electronic, printed, or other means.

(4) As soon as practicable after the adoption of a resolution approving the amendment by each authorizing subdivision, the chair of the board of the district and the secretary of the district shall sign and file for record in the office of the judge of probate with which the certificate of incorporation of the district was originally filed a certificate in the name of and on behalf of the district reciting the adoption of the respective resolutions by the board and by the governing body of each authorizing subdivision, setting forth the proposed amendment. The judge of probate for the county shall thereupon record the certificate in an appropriate book in his or her office. When the certificate has been so filed and recorded, the amendment shall become effective and the certificate of incorporation shall thereupon be amended to the extent provided in the amendment. No certificate of incorporation of an innovation district shall be amended except in the manner provided in this section.

Section 4. Board of Directors of District.

(a) Each district shall be governed by a board of directors that shall exercise, or authorize the exercise of, all powers of the district.

(b) The board of each district shall consist of the number of directors provided in the certificate of incorporation.

(c) Any natural person may serve on the board of an innovation district without regard to whether the natural

person is a resident, owner of property, taxpayer, or elector in or of any authorizing subdivision or the state; provided, however, board membership shall be inclusive and reflect the racial, gender, geographic, and economic diversity of the district.

(d) Each director of the district shall hold a place on the board and shall be appointed for the term of the place by the person or persons, which may include the board, any natural person, any corporate person, any public entity, or the state, having the authority and power of appointment of the director for the place, as provided in the certificate of incorporation of the district; provided, however, anything in this act to the contrary notwithstanding, a majority of the directors of the district must be appointed by one or more of the authorizing subdivisions. Except as may be otherwise provided in the certificate of incorporation of an innovation district, an officer or employee of any authorizing subdivision shall be eligible for appointment and may serve as a member of the board for the first to expire of the term for which the officer is appointed or the term thereof as an officer of the authorizing subdivision.

(e) Each director may hold a place on the board for successive terms without limit. If at the expiration of any term of office of any director a successor has not been appointed, the director whose term of office expired shall continue to hold office until the successor is appointed by the person or persons having the appointive power for the place of that director. If at any time there is a vacancy on

the board, whether by death, resignation, incapacity, disqualification, or otherwise, a successor director to serve for the unexpired term applicable to the vacancy shall be elected or appointed by the person or persons who appointed the predecessor director.

(f) Each director shall serve as such without compensation but shall be reimbursed for expenses actually incurred by the director while conducting his or her official duties.

(g) The board may hold regular and special meetings as the board determines or as provided in the bylaws of the board. Any member of the board, any provision of law to the contrary notwithstanding, may attend and participate in, and constitute part of the quorum for, any regular or special meeting of the board in person or by means of telephone conference, video conference, or similar communications equipment that allows all participants in the meeting to hear each other at the same time; provided, every meeting shall have one physical location available in an authorizing subdivision for individuals wishing to be physically present, and any vote taken at a meeting using the foregoing communication equipment shall be taken by roll call vote that allows each participant to vote individually in a manner audible to all participants. The board may take any action at any regular or special meeting. A majority of the directors present, in person or by electronic or telephonic communications, at a meeting shall constitute a quorum for the exercise of any authority or power of the board. Any meeting

of the board may be adjourned from time to time by a majority of the directors present or may be so adjourned by a single director if the director is the only director present at the meeting. No vacancy in the membership of the board or the voluntary disqualification or abstention of any member of the board shall impair the right of a quorum to exercise all the powers and perform all the duties of the board at a regular or special meeting. The secretary of the district shall reduce to writing and maintain in a permanent record all proceedings and resolutions of the board. Copies of the proceedings, when certified by the secretary of the district, shall be received in all courts as prima facie evidence of the matters and things therein certified.

(h) The determinations set forth in a resolution of the board, including the determination that an activity, facility, or undertaking, or application of funds or tax proceeds, including any special public revenues, under control of the board constitutes a "project" or are otherwise in furtherance of the purposes of this chapter, shall constitute a legislative act by the board under state law to the same extent as would similar action by a subdivision and shall be subject to judicial review as provided and limited by law for judicial review of legislative acts and determinations by a subdivision.

(i) If a matter comes before the board with respect to which any director, any related party, including a sibling, spouse, or lineal descendant, or any business enterprise with which the director is associated, has any direct or indirect

pecuniary interest, the director shall immediately disclose the interest to the board and remove himself or herself and withdraw from the meeting prior to the consideration, deliberation, and voting on the matter by the board.

(j) The district and the directors, officers, employees, and agents of the district shall have the same immunity from liability as a municipality and its officers, employees, and agents. No action or suit shall be brought or maintained against the district or any director thereof for or on account of the negligence of the district or director or the district's or director's agents, servants, or employees, relating to the construction, acquisition, installation, maintenance, operation, superintendence, or management of any project or facility of the district. No civil action may be maintained against an appointing subdivision, its officers, servants, employees, or agents relating to an innovation district's acquisition, construction, ownership, maintenance, operation, or management of any project, facility, or other improvement.

(k) Any director may be removed from office in the same manner and on the same grounds provided in the state constitution and the general laws of the state for impeachment and removal of officers.

Section 5. Officers of District.

The officers of an innovation district shall consist of a chair, a vice chair, a secretary, a treasurer, and such other officers as its board deems necessary or desirable. The offices of secretary and treasurer may be held by the same

individual. The chair and vice chair of an innovation district shall be elected by the board from the board membership. The secretary, the treasurer, and any other officers of the district may but need not be members of the board and shall also be elected by the board. The chair, vice chair, and secretary of the district shall also be the chair, vice chair, and secretary of the board, respectively.

Section 6. Powers of District.

Each district shall have all of the following stated powers together with all powers incidental to these powers and necessary to effect the proper exercise of the district:

(1) To have succession in its corporate name for the duration of the district specified in the certificate of incorporation.

(2) To sue and be sued in its own name in civil suits and actions and to defend suit against the district.

(3) To adopt and make use of a corporate seal and to alter the seal as necessary.

(4) To adopt, alter, and repeal bylaws, regulations, and rules, not inconsistent with the provisions of this act, for the regulation and conduct of its affairs and business.

(5) Notwithstanding Chapter 1B of Title 18 of the Code of Alabama 1975, to acquire real property, whether by gift, purchase, transfer, foreclosure, lease, devise, exercise of the power of eminent domain in the manner provided by law, including, Chapter 1A of Title 18 of the Code of Alabama 1975, or otherwise, and to construct, improve, operate, maintain, equip, and furnish the property and interests in property as

the board determines to be necessary for the purposes of the district, which property may be located in any subdivision in the state without regard to whether the subdivision is an authorizing subdivision with respect to the district; provided, however, the district shall not be authorized to condemn any property or interests in property held by utilities or other entities engaged in the generation, transmission, or distribution of communications, gas, electricity, water, sewer, or other utility products or services.

(6) To lease all or any part of any property upon such terms and conditions as its board determines necessary or desirable.

(7) To convey any property of the district with or without valuable consideration as the board shall determine.

(8) To enter into a management contract or contracts with any person or persons of all or any part of its property as may in the judgment of such district be necessary or desirable in order to perform more efficiently or economically any function for which the district may become responsible in the exercise of the powers conferred upon it by this act.

(9) To procure insurance against any loss in connection with its property and other assets in such amounts and from such insurers as its board determines to be necessary or desirable.

(10) To fix and revise, and charge and collect, fees, licenses, rates, and rentals for services rendered by the district, or for the use of any property of the district, and

to apply the proceeds thereof for any lawful purpose of the district.

(11) To the extent authorized or permitted by the state constitution, to grant, lend, or donate, or otherwise make available to any person or persons any funds, money, revenues, including, but not limited to, any special public revenues, or other property of the district upon such terms as the board shall determine.

(12) To the extent authorized or permitted by the state constitution, to assume, incur, or issue any financial obligation or financial obligations for any lawful purpose, as more particularly provided in this act.

(13) To pledge for the benefit of any financial obligation of the district any revenues, including, but not limited to, any special public revenues or proceeds of any special tax to which it may be entitled, from which the financial obligation is payable, and to mortgage or pledge its property and revenues, or any portion thereof, as further provided in this act.

(14) To assume obligations secured by a lien on, or secured by and payable out of or secured by a pledge of, any property or part thereof or the revenues derived from any property that may be acquired by the district.

(15) To make, enter into, and execute contracts, agreements, leases, and other instruments, and to take such other actions as may be necessary or convenient to accomplish any purpose for which the district was organized or to exercise any power granted under this act.

(16) To enter into contracts with, to accept aid, loans, and grants from, to cooperate with, and to take any action not specifically prohibited by this act or other applicable laws of the state that may be necessary in order to obtain or secure the aid and cooperation of the United States, the state, or any agency, department, instrumentality, or political subdivision of either in furtherance of the purposes of this act.

(17) To apply for, accept, receive, apply, disburse, expend, and use to accomplish the purposes of this chapter any money, property, labor, or other things of value, from any source, including, without limitation, the state, any public entity, and the United States, subject to any lawful condition upon which the aid or contributions may be given or made.

(18) To abate, eliminate, or reduce the liability of any taxpayer for the payment of any one or more of the eligible taxes pursuant to such agreements, instruments, or proceedings as the district determines shall be effective.

(19) To appoint, employ, contract with, and provide for compensation of the employees and agents of the district including, but not limited to, architects, engineers, attorneys, accountants, investment advisors and financial experts, fiscal agents, and such other advisors, consultants, and agents as the board determines to be necessary or desirable.

(20) To invest its monies, including, but not limited to, the monies held in any special fund created pursuant to any trust indenture or agreement or resolution securing any of

its financial obligations and proceeds from the sale of any financial obligations not required for immediate use, in such investments as are authorized by the laws of the state for the investment of funds and money of a municipality.

(21) To acquire, create, establish, operate, or support, or to participate as a member of, any corporate person that will assist the district in, or which otherwise has as a purpose of accomplishing the purposes of this act, including, but not limited to, the support of any corporate person by means of grants or loans of property or the issuance of financial obligations for the benefit the corporate person.

(22) To exercise any authority or power that is granted by state law to any public or private corporation which is not in conflict with the purposes of this act.

(23) To do any and all things necessary or convenient to carry out its purposes and to exercise its powers pursuant to this act.

Section 7. Contributions and Application of Special Public Revenues.

(a) Each authorizing subdivision of an innovation district, anything in this act or state law to the contrary notwithstanding, and to the extent permitted by the state constitution, may pledge or assign any special public revenues for the benefit of any district with respect to which it is an authorizing subdivision by specific provision in the authorizing resolution of the authorizing subdivision for the district, which provision shall specify the officer of the subdivision charged with performance of a pledge or assignment

and the liquidated amounts in which, and dates on which, the special public revenues shall be delivered to the district in performance of the pledge or assignment. The inclusion of a description of the pledge or assignment of the special public revenues in the certificate of incorporation of the district, upon the incorporation of the district, shall constitute acceptance of, and reliance by the district upon, the continuing validity of the pledge or assignment of the special public revenues. The pledge or assignment of the special public revenues by the authorizing subdivision for the benefit of the district shall constitute a contractual agreement between the authorizing subdivision and the district and shall be enforceable by the district by all remedies available at law or in equity, including, but not limited to, an action for mandamus in a court of competent jurisdiction.

(b) An innovation district may use the proceeds of any special public revenues made available to the district, subject to the terms and conditions upon the special public revenues, for any lawful purpose the board of the district determines to be in furtherance of the purposes of this act, including, but not limited to, the gift, grant, guarantee, loan, or other form of contribution of all or any part of the special public revenues for the benefit of any person or persons, and the pledge of all or any part of the special public revenues for the benefit of any financial obligation or financial obligations of the district.

Section 8. Financial Obligations of an Innovation District.

(a) Each district shall have, and may exercise as provided in Section 6(12), the authority and power to assume, incur, or issue, at any time and from time to time, any financial obligation or financial obligations, without limitation as to aggregate principal amount, as the board determines to be necessary or desirable for any lawful purpose of the district, including, but limited to:

(1) Payment of the costs of a project;

(2) Payment, in whole or in part, in advance or at stated maturity, of any financial obligation of the district;

(3) Provision for such reserves as may be required in connection with the financial obligations;

(4) Payment of any extraordinary, nonrecurring obligations, including, but not limited to, casualty losses, legal judgments, and contractual termination payments;

(5) Payment of administration and operation of projects; and

(6) Provision of funds to accomplish or effect any purpose of this act.

(b) Each financial obligation of an innovation district may be in such form and denomination and of such tenor and maturity or maturities, shall be payable in lawful currency of the United States in such installments as serial or term obligations or a combination thereof, and at such time or times, not exceeding 45 years from the date thereof, may be payable at such place or places whether within or without the state, may bear interest at such rate or rates payable at such time or times and at such place or places and evidenced in

such manner, may be subject to prepayment or redemption in advance of maturity at such price or prices and upon such notice, terms, and conditions, and may contain such provisions which are not in violation of this act, all as provided in the applicable agreement, indenture, or resolution of the district that has authorized the incurrence or issuance thereof.

(c) An innovation district may provide that any financial obligation shall bear interest at a rate or rates fixed to maturity at the time of issuance or at a rate or rates which may be changed from time to time during the term of the financial obligation in accordance with an objective procedure determined by the board at the time of issuance of the financial obligation or in connection with published interest rates or indices that reflect an objective response to market changes in interest rates by financial institutions, governmental agencies, or other generally recognized public or private sources of information concerning interest rates.

(d) An innovation district shall have the authority and power to deliver and perform all agreements and contracts for the services of paying agents and trustees with respect to financial obligations incurred or issued under this act, for the purchase of any financial obligations issued under this act, and for the guarantee or insurance, pursuant to municipal bond insurance policies, letters of credit, standby purchase agreements, and other credit or liquidity facilities, of the payment, when due, of the principal of, and premium and interest on, any financial obligations so assumed, incurred, or issued by the district pursuant to this act.

(e) An innovation district shall cause all financial obligations assumed, incurred, or issued by the district to be executed by manual or electronic signature of an officer or officers as authorized and provided in the agreement, indenture, or resolution of the district which authorized the financial obligation. A statement upon the signature page of a financial obligation of an innovation district that the financial obligation was issued under the seal of the district shall be conclusive for all purposes of state law. A financial obligation that has been executed by an officer or officers in office on the date of the execution shall be valid and enforceable, notwithstanding that before delivery of the financial obligation, any such officer whose signature appears thereon has ceased to hold such office.

(f) All financial obligations incurred or issued pursuant to this act by an innovation district may be sold at private or public sale at such price or prices and in such manner as the board shall determine.

(g) Each financial obligation of an innovation district is hereby made a negotiable instrument for all purposes; anything in state law, including, but not limited to, the Alabama Uniform Commercial Code, to the contrary notwithstanding and without regard to whether the financial obligation is of such form and character as to be a negotiable instrument under state law; provided, however, the district, in its discretion, may provide that any particular financial obligation shall not be negotiable or may be negotiable only upon such terms as the district shall proscribe.

(h)(1) The district shall apply the proceeds of any financial obligation solely for the purposes for which the financial obligation has been incurred or issued, including, but not limited to, payment of the costs of incurrence or issuance of the financial obligations, including, but not limited to: (i) fees and expenses of attorneys, accountants, financial advisors, consultants, trustees and paying agents, and underwriters; and (ii) the costs of municipal bond insurance policies, letters of credit, and such other credit or liquidity facilities which provide for payment when due of all or part of the principal of, and premium and interest on, the financial obligations.

(2) The district may deposit in trust the proceeds of any financial obligation incurred or issued for payment of another financial obligation of the district, on such terms as the board approves, with a financial institution having trust powers within or without the state. The proceeds, to the extent required by the terms of and purpose of such trust, may be invested as provided for public funds of a municipality.

(i) The financial obligations of any district shall be legal investments in which the state and its agencies and instrumentalities, all subdivisions and public corporations organized under the laws of the state, all insurance companies and associations and other persons carrying on an insurance business, all banks, savings banks, savings and loan associations, trust companies, credit unions, and investment companies of any kind, all administrators, guardians, executors, trustees, and other fiduciaries, and all other

persons whosoever are now or may hereafter be authorized to invest in financial obligations or other obligations of the state, may properly and legally invest funds in their control or belonging to them.

(j) The validity of any financial obligation that states therein that it is issued pursuant to this act, in any action or proceeding involving the validity thereof, shall be incontestable, and the financial obligation shall be conclusively deemed to be the valid financial obligation of the applicable district enforceable by all rights and remedies available at law or in equity under state law.

Section 9. Sources of Payment of, and Security for, Financial Obligations of an Innovation District.

(a) Each financial obligation or obligations of an innovation district shall be a limited obligation of the district payable solely from the sources of payment specified therein, subject to such limitations and provisions thereof, including, but not limited to, the issuance of financial obligations payable from the same source of funds on an equal and proportionate basis or on a subordinate basis, as the district may determine.

(b) The district may assign, mortgage, or pledge any property of the district to secure the payment and performance of any financial obligation of the district; provided, the district, in its discretion, may provide property as security for any one or more financial obligations of the district without, to the extent permitted by any applicable contractual agreements, provision of the same or any other any property as

security for any other financial obligation or obligations of the district. In furtherance of this subsection, the district may deliver a contractual agreement to, or for the benefit of, the owner or owners of any financial obligation of the district, which agreement may contain such agreements, conditions, covenants, provisions, and terms as the district may determine to be necessary or desirable to provide for the protection and security of the owners of the financial obligations, including, but not limited to, restrictions on the use of the property of the district and the incurrence of additional financial obligations of the district, the terms for amendment, with and without the consent of the owner or owners, of the financial obligations and the documents pursuant to which such financial obligations were incurred or issued, providing for the rights, duties, and authority of a trustee, and providing for the exercise of legal and equitable rights and remedies by such owner or owners.

(c) Any assignment, mortgage, or pledge of property by the district for the benefit of any financial obligation shall be effective, valid, and binding from the time the assignment, mortgage, or pledge is made, and the property subject thereto shall immediately, or as soon thereafter as the district obtains any right thereto or interest therein, be subject to the assignment, mortgage, or pledge without physical delivery of the subject property or any agreement, document, or instrument providing therefor, or any further act, and the encumbrance and lien of any such assignment, mortgage, or pledge shall be effective, valid, and binding as against all

persons having claims of any kind in tort, contract, or otherwise against the district, irrespective of whether such persons have actual notice thereof, from the time notice of the assignment, mortgage, or pledge is filed for record: (i) in the office of the judge of probate in which the certificate of incorporation of the district was filed for record; and (ii) in the case of any assignment, mortgage, or pledge of any tangible property, whether real, personal, or mixed, in the office of the judge of probate of the county in which the property is or is to be located pursuant to any agreement made by the district with any person respecting the location and use of the property. The notice shall contain a statement of the existence of any such assignment, mortgage, or pledge, a description of the subject property, and a description of the financial obligations secured thereby, all in terms sufficient to give notice to a reasonably prudent person of the existence and effect of any such assignment, mortgage, or pledge; provided, the notice may be in form of: (i) a summary statement; or (ii) an executed counterpart of the agreement, document, or instrument which contains the assignment, mortgage, or pledge. The recording of the notice shall operate as constructive notice of the contents thereof.

(d) All financial obligations assumed, incurred, or issued by an innovation district shall be solely and exclusively an obligation of the district and shall not create a direct, indirect, or contingent obligation or pecuniary liability, or general obligation, or charge against the general assets, credit, funds, property, revenues, or taxing

power of the state or any subdivision, including, but not limited to, any authorizing subdivision.

(e) The owner or owners of any financial obligation or financial obligations of the district shall have no recourse against any incorporator, or any past, present, or future director, officer, employee, or agent of the district, or of any successor thereof, for the payment of any amount which shall have become due and payable under the financial obligation or financial obligations or for the payment or performance of any agreement, document, or instrument pursuant to which the financial obligation or financial obligations were assumed, incurred, or issued by which the financial obligation or financial obligations shall be secured.

Section 10. Validation of Financial Obligations of an Innovation District.

(a) An innovation district shall constitute a "unit" for purposes of Article 17 of Chapter 6 of Title 6 of the Code of Alabama 1975. An innovation district, in the determination of the board, may file a petition with respect to any financial obligation or financial obligations thereof pursuant to Article 17 of Chapter 6 of Title 6 of the Code of Alabama 1975.

(b)(1) An innovation district, in the determination of the board and upon the adoption by the board of a resolution providing for the issuance of financial obligations, may cause a notice respecting the issuance of the financial obligations to be published once a week for two consecutive weeks in each county in which shall be located any project financed or in

any way assisted by the issuance of the financial obligations. The publication in each such county shall be in a newspaper having general circulation therein and shall be in substantially the following form (the blanks being properly filled in) at the end of which shall be printed the name and title of either the chair or secretary of the district: "_____, a public corporation and instrumentality of the State of Alabama, on the _____ day of _____, authorized the issuance of $_____ principal amount of _____ (identification of the obligation) of the said public corporation for purposes authorized in the act of the Legislature of Alabama under which the public corporation was organized. Any action or proceeding questioning or contesting the validity of the said financial obligations, or the instruments securing the same, or the proceedings authorizing the same, must be commenced on or before _____ (here insert date determined in accordance with the provisions of the next paragraph of this section."

(2) The date stated in the notice as the date on or before which any action or proceeding questioning or contesting the validity of the financial obligations referred to in the notice must be commenced shall be a date at least 30 days after the date on which occurs the last publication of the notice necessary for it to have been published at least once in all counties in which it is required to be published. Any action or proceeding in any court to set aside or question the proceedings for the issuance of the financial obligations

referred to in the notice or to contest the validity of any such financial obligations, or the validity of any instruments securing the same, must be commenced on or before the date determined in accordance with the preceding sentence and stated in the notice as the date on or before which any such action or proceeding must be commenced. After that date, no right of action or defense shall be asserted questioning or contesting the validity of the financial obligation or the instruments securing the same, or the proceedings authorizing the same, nor shall the validity of such financial obligations or such instruments or proceedings be open to question in any court on any ground whatsoever, except in an action or proceeding commenced on or before that date.

Section 11. Special Authority of Public Persons to Support Districts.

(a) In furtherance of the public purposes of this chapter, the state and any public entity, upon such terms and with or without consideration as it may determine and in compliance with the state constitution, may undertake any of the following for the benefit of any district, without regard to whether any public entity may be an authorizing subdivision with respect to the district or may have a project located or undertaken within the jurisdiction thereof:

(1) Donate, grant, loan, or pledge to, or for the benefit of, any district any funds, revenues, or tax proceeds of the public entity;

(2) Perform services for the benefit of any district;

(3) Pay, commit to pay, or guarantee, on a continuing

basis by contractual agreement, the payment when due of all or any part of the principal of, and premium and interest on, any financial obligation of an innovation district for such period, including the period ending on the stated maturity of the financial obligation, as the public entity may determine;

(4) Donate, sell, convey, transfer, lease, or grant any property to any district without the necessity of authorization at any election of qualified voters of the public entity;

(5) Do any and all things, whether or not specifically authorized in this act, not otherwise prohibited by law, that are necessary or desirable to aid and cooperate with any district with respect to any project or in furtherance of the public purposes of this act.

(b) The state and each public entity may assume, incur, or issue, by private or public sale in compliance with applicable state law and the state constitution, any financial obligation, as a general, limited, or special obligation thereof, to provide funds for any purpose of this section.

(c) The state and each public entity shall cause each contractual agreement or instrument delivered for any purpose in subsection (a) to provide for, or set forth, in the agreement or instrument: (i) the purpose of the agreement; and (ii) the authorization and direction of a specific officer or officers, by title or office, of the public entity to pay any pecuniary obligation of the public entity in lawful currency of the United States and in liquidated amounts when due on a date or dates certain, which amounts and dates of payment may

be set forth in the agreement or instrument, or schedule thereto, or incorporated therein by specific reference.

(d) With specific regard to the state, the Governor or his or her designee shall have the express authority to enter into any contractual agreement or instrument, exercising the state's authority hereunder.

(e) Any court in the state having competent jurisdiction shall issue mandamus for the payment of any pecuniary obligation of the state or a public entity in a contractual agreement or instrument delivered pursuant to this section upon proper proof of nonpayment thereof, or failure of compliance with the provisions of law with respect thereto, being furnished by, or on behalf of, the district or any beneficiary of the pecuniary obligation of the state or the public entity under the contractual agreement or instrument.

Section 12. Audited Financial Statements.

(a) An innovation district shall be required to produce audited financial statements from a certified public accountant, or a firm thereof, regularly engaged in the auditing of financial records, or an auditor who is regularly employed by the Department of Examiners of Public Accounts, for each fiscal year and, when available, deliver the audited financial statements to each public entity that financially supports the district, if the district: (i) receives any special public revenues; (ii) receives any funds, proceeds, or revenues from any public entity; or (iii) issues any financial obligation.

(b) For purposes of this section, the person conducting

an audit pursuant to subsection (a) must be a person who: (i) is in fact independent; (ii) does not have any direct financial interest or any material indirect financial interest in the district; and (iii) is not connected with the district or any officer, employee, promoter, underwriter, trustee, partner, director, or person performing similar functions.

Section 13. Exemption of District from Taxation.

Each district, and the projects thereof, shall be exempt from all fees, charges, and taxes levied by any judge of probate or taxing authority of the state, including, but not limited to, ad valorem taxes, privilege, license, and excise taxes, occupational taxes, business license taxes, and recording fees and taxes. The property and income of any district, all financial obligations of an innovation district, the income and interest from the financial obligations, conveyances by or to an innovation district, and leases, mortgages, and deeds of trust or trust indentures by or to an innovation district, shall be exempt from all taxation in the state.

Section 14. Exemption of District from Usury and Interest Laws.

Each district and the contractual agreements and financial obligations of the district shall be exempt from state laws governing usury or prescribing or limiting interest rates, including, but not limited to, Chapter 8 of Title 8 of the Code of Alabama 1975.

Section 15. Exemption of District from Competitive Bid Laws.

Each district and all contractual agreements made by the district shall be exempt from state laws requiring competitive bids for any contract to be entered into by any public entity, including, but not limited to, Chapter 2 of Title 39 and Article 3 of Chapter 16 of Title 41, of the Code of Alabama 1975.

Section 16. Exemption of District from State Oversight.

Except as provided in this act, an innovation district shall not be required to obtain the approval or consent of, or make any filing with, or provide notice to the state or any state agency, department, or other instrumentality of the state, with respect to the incorporation or the amendment of the certificate of incorporation of the district, or the exercise of any authority or power provided in this act or permitted under state law.

Section 17. Applicability of Certain State Laws.

(a) An innovation district shall be subject to Chapter 25 of Title 36 of the Code of Alabama 1975, but board members shall not be required to file a statement of economic interests under Section 36-25-14 of the Code of Alabama 1975, or any successor to that law.

(b) Except as otherwise provided in this act, an innovation district shall be subject to the Alabama Open Meetings Act, Chapter 25A of Title 36 of the Code of Alabama 1975.

Section 18. District shall be Nonprofit Corporation.

An innovation district shall be a nonprofit corporation, and no part of an innovation district's net

earnings remaining after payment of its expenses shall inure to the benefit of any individual, firm, or corporation, except that in the event a board shall determine that sufficient provision has been made for the full payment of the expenses, financial obligations, and other obligations of an innovation district, then any portion, as determined by the board, of the net earnings of an innovation district thereafter accruing, in the discretion of the board, may be paid to one or more of the district's authorizing subdivisions.

Section 19. Dissolution of District; Vesting of Title to Property of District.

At any time when an innovation district has no financial obligations or other executory agreements outstanding, its board may adopt a resolution, which shall be duly entered upon its minutes, declaring that the district shall be dissolved. Upon filing for record of a certified copy of the resolution in the office of the judge of probate with which the district's certificate of incorporation is filed, the district shall thereupon stand dissolved, and in the event the district owned any property at the time of the dissolution, the title to all its properties, subject to the state constitution, thereupon shall vest in the district's authorizing subdivision, or if the district has more than one authorizing subdivision, in the district's authorizing subdivisions as tenants in common.

Section 20. Incorporation of Multiple Districts by Same Authorizing Subdivision.

The existence of an innovation district incorporated

under this act shall not prevent the subsequent incorporation under this act of another district pursuant to authority granted by the same authorizing subdivision.

Section 21. Cumulative Effect of Chapter.

The provisions of this chapter are cumulative and shall not be deemed to repeal existing laws; provided, however, the provisions of this act shall supersede any other laws to the extent the laws are clearly inconsistent with the provisions of this act.

Section 22. This act shall become effective on June 1, 2024.