

**HB142 INTRODUCED**



1      HB142  
2      CXLMPWW-1  
3      By Representative Wilcox      (N & P)  
4      RFD: County and Municipal Government  
5      First Read: 13-Jan-26  
6      PFD: 09-Jan-26



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4     SYNOPSIS:

5                 Under existing law, counties and municipalities  
6         may create tax increment districts in areas that are  
7         blighted or otherwise meet criteria for economic  
8         development opportunities. The law provides a mechanism  
9         for funding economic development projects within tax  
10       increment districts using the increased value in  
11       taxable property of the projects.

12                Generally, a county or municipality may only  
13        create a tax increment district if at least 50 percent  
14        of the area within a tax increment district is in need  
15        of rehabilitation or meets other economic development  
16        criteria, and the equalized taxable property in all tax  
17       increment districts within the county or municipality  
18       does not exceed 10 percent of the total value of  
19       equalized taxable property throughout the county or  
20       municipality. An exception exists for Class 3  
21       municipalities, which may include up to 50 percent of  
22       the total value of equalized taxable property in tax  
23       increment districts in the municipality.

24                This bill would allow Class 2 municipalities to  
25        include up to 50 percent of the total value of  
26       equalized taxable property to be included in tax  
27       increment districts within the municipality, similar to  
28       Class 3 municipalities.



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30

31 A BILL

32 TO BE ENTITLED

33 AN ACT

34

35 Relating to Class 2 municipalities; to amend Section  
36 11-99-4, Code of Alabama 1975; to increase the percent of  
37 total value of equalized taxable property within a Class 2  
38 municipality which may be included in tax increment districts  
39 created by the municipality.

40 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

41 Section 1. Section 11-99-4, Code of Alabama 1975, is  
42 amended to read as follows:

43 "§11-99-4

44 (a) In order to exercise its powers under this chapter,  
45 a public entity shall take the following steps:

46 (1) The local governing body shall hold a public  
47 hearing at which all interested parties are afforded a  
48 reasonable opportunity to express their views on: (i) the  
49 concept of tax increment financing~~on~~; (ii) the proposed  
50 creation of a tax increment district and its proposed  
51 boundaries~~;~~ and (iii) its benefits to the public entity.  
52 Notice of the hearing shall be published in a newspaper of  
53 general circulation in either the county or in the city, as  
54 the case may be, in which the proposed tax increment district  
55 is to be located with notice to be published at least twice in  
56 the 15-day period immediately preceding the date of the



57 hearing. Prior to publication, a copy of the notice shall be  
58 sent by first class mail to the chief executive officer of  
59 each deferred tax recipient.

60 (2) a. In addition to the notice required by subdivision  
61 (1), and either before or after the public hearing, the local  
62 governing body shall make a written submission to the  
63 governing body of each deferred tax recipient. The submission  
64 shall include a description of the proposed boundaries of the  
65 tax increment district, the tentative plans for the  
66 development, redevelopment, or revitalization of the tax  
67 increment district, and an estimate of the general impact of  
68 the proposed project plan on property values and tax revenues.

69 b. Not later than the 15th day after the date on which  
70 the notice required by subdivision (1) is mailed, each  
71 deferred tax recipient shall designate a representative  
72 empowered to meet with the local governing body to discuss the  
73 project plan and the tax increment financing and shall notify  
74 the local governing body of its designation. Failure of any  
75 deferred tax recipient to designate a representative within  
76 the 15-day period, or to notify the local governing body of  
77 its designation, shall not prevent the local governing body  
78 from proceeding hereunder. If a deferred tax recipient who has  
79 failed to so designate a representative thereafter designates  
80 a representative and notifies the local governing body of the  
81 designation, the representative shall be entitled to notice of  
82 any meetings held thereafter pursuant to this section, and  
83 shall be entitled to attend the meetings, but shall have no  
84 right to have matters discussed again which have already been



85 discussed.

86       c. The local governing body shall call a meeting, or  
87 meetings, of the representatives of the deferred tax  
88 recipients to be held at any time after 20 days from the  
89 mailing notice referred to in subdivision (1). Each  
90 representative shall be notified of each meeting at least  
91 three days before the meeting is to be held, but notice may be  
92 waived. At the meetings, the local governing body and the  
93 representatives of the deferred tax recipients may discuss the  
94 boundaries of the tax increment district, development within  
95 the tax increment district, the exclusion of particular  
96 parcels of property from the district, and tax collection for  
97 the district. On the motion of the local governing body any  
98 other matter relevant to the proposed tax increment district  
99 may be discussed.

100           (3) The local governing body shall adopt a resolution,  
101 which need not be published, which does all of the following:

102           a. Describes the boundaries of the tax increment  
103 district with sufficient definiteness to identify with  
104 ordinary and reasonable certainty the territory included~~r~~  
105 ~~which.~~ The description shall include only those whole units of  
106 property, other than publicly owned property such as streets,  
107 easements, and rights-of-way, assessed for general property  
108 tax purposes~~and, if.~~ If the public entity is a county, ~~which~~  
109 the description shall include only those areas that lie  
110 outside the corporate limits of any municipality, unless the  
111 governing body of a municipality has consented to the  
112 inclusion of land within its corporate limits within a tax



113 increment district formed by a county.

114       b. Creates the tax increment district as of a given  
115 date after the date of adoption of the resolution, ~~which~~. The  
116 date of creation of the tax increment district may be a date  
117 subsequent to the date of expiration of the period of duration  
118 of an existing tax increment district of the public entity, ~~and fixes~~.

120       c. Fixes the period for ~~its~~ the duration of the tax  
121 increment district.

122       1. which The duration may be for a period not to exceed  
123 30 years from the date of creation of the tax increment  
124 district in the case of a tax increment district in which not  
125 less than 50 percent, by area, of the real property within the  
126 tax increment district is a blighted or economically  
127 distressed area, ~~and which~~.

128       2. The duration may be for a period not to exceed 35  
129 years from the date of creation of the tax increment district  
130 in the case of a district in which not less than 50 percent,  
131 by area, of the real property within the tax increment  
132 district is an enhanced use lease area or a Major 21st Century  
133 Manufacturing Zone, unless an amendment is made to the project  
134 plan under subdivision (7).

135       c.d. Assigns a name to the tax increment district for  
136 identification purposes, such as "tax increment district  
137 number one."

138       d.e. Contains findings, which shall not be subject to  
139 judicial review except after a showing of fraud, corruption,  
140 or undue influence, that:



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141           1. Not less than 50 percent, by area, of the real  
142 property within the tax increment district is: (i) In need of  
143 rehabilitation, redevelopment, revitalization, or conservation  
144 work;~~or~~; (ii) an enhanced use lease areaT or (iii) a Major  
145 21st Century Manufacturing Zone; and

146           2. The aggregate value of equalized taxable property in  
147 the tax increment district plus all existing tax increment  
148 districts created by the public entity does not exceed 10  
149 percent of the total value of equalized taxable property  
150 within the public entity or 50 percent if the public entity is  
151 a Class 2 or Class 3 municipality. Provided, however, that  
152 equalized taxable property located within the boundaries of a  
153 military reservation, jurisdiction over which has been ceded  
154 to the United States pursuant to Section 42-3-1, shall be  
155 excluded from aggregated value.

156           (4) a. The local governmental body shall prepare and  
157 adopt a project plan for each tax increment district. The plan  
158 shall include all of the following:

159           1. a-A statement listing the proposed projects,  
160 including, without limitation and if applicable, the kind,  
161 number, and location of all proposed public works or  
162 improvements or, in the case of a Major 21st Century  
163 Manufacturing Zone, public works or improvements or private  
164 improvements, within the district~~;~~a.

165           2. A detailed list of estimated project costs~~;~~ and a.

166           3. A description of the methods of financing all  
167 estimated project costs and the time when related costs or  
168 monetary obligations are to be incurred.~~For purposes of this~~



169 ~~chapter, any work or improvement for a military installation~~  
170 ~~and located within an enhanced use lease area shall be deemed~~  
171 ~~to be for public uses and purposes. The project plan shall~~  
172 ~~also include:~~

173       4. A map showing existing uses and condition of real  
174 property in the district~~; a.~~

175       5. A map or description showing proposed improvements  
176 and uses therein~~;~~

177       6. ~~proposed~~ Proposed changes of zoning, master map  
178 plan, building code, and other ordinances or resolutions  
179 affecting the district~~; a.~~

180       7. A list of estimated nonproject costs~~; and a.~~

181       8. A proposed plan for the relocation of any families,  
182 individuals, and businesses to be temporarily or permanently  
183 displaced from housing or commercial facilities in the  
184 district by implementation of the plan.

185       b. For purposes of this chapter, any work or  
186 improvement for a military installation and located within an  
187 enhanced use lease area shall be deemed to be for public uses  
188 and purposes.

189       (5) The local governing body shall certify all of the  
190 following before approving the project plant:

191       a. That a feasible method exists for the relocation and  
192 compensation of any individuals, families, and businesses that  
193 will be displaced by the project in decent, safe, and sanitary  
194 accommodations within their means and without undue hardship  
195 to such individuals, families, and businesses~~;~~

196       b. That the project plan conforms to the applicable



197 master plan of the local entity, if there is one;~~and~~and.

198       c. That the project plan will afford maximum  
199 opportunity, consistent with the sound needs of the public  
200 entity as a whole, for the rehabilitation, redevelopment, or  
201 revitalization of the tax increment district by private  
202 enterprise.

203       (6) A copy of the project plan shall be mailed to the  
204 governing body of each deferred tax recipient, before approval  
205 of the project plan.

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

209       (8) The public entity that created the tax increment  
210 district, and each deferred tax recipient with respect to the  
211 tax increment district, notwithstanding any provision in this  
212 chapter to the contrary, by written mutual agreement duly  
213 authorized, executed, and delivered thereby, may establish an  
214 advisory board for the tax increment district composed of the  
215 mayor or the chair of the county commission of the public  
216 entity, as appropriate, a member of the governing body of the  
217 public entity that represents the largest area in the tax  
218 increment district, and other members as the respective  
219 governing body, or its designee, of each deferred tax  
220 recipient may appoint; provided a majority of the members of  
221 an advisory board must be members of the governing body of the  
222 public entity.

223       (b) Judicial review of a decision of a public entity  
224 related to a tax increment district shall be as provided by

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225 law."

226 Section 2. This act shall become effective on October  
227 1, 2026.