

HB141 ENGROSSED



1 HB141
2 NRC94J8-2
3 By Representative Brown
4 RFD: County and Municipal Government
5 First Read: 13-Jan-26
6 PFD: 09-Jan-26



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A BILL
TO BE ENTITLED
AN ACT

Relating to public utilities; to amend Section 11-50-313, Code of Alabama 1975, to increase the maximum amount of fees that may be paid to members of boards of directors of certain public corporations operating utilities; to extend the terms of certain board members; and to make nonsubstantive, technical revisions to update the existing code language to current style.

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

(a) (1) Each corporation that is formed or ~~the~~ that has amended its certificate of incorporation ~~of which is amended under~~ pursuant to this article shall have a board of directors ~~which that shall constitute be~~ the governing body of the corporation, ~~which board shall~~. Except as otherwise provided by law, the board shall consist of ~~at least~~ three members.

(2) The governing body of any municipality that has authorized the creation of a corporation as provided in this article may increase the membership of the board of directors



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29 from three to five members. In the event the governing body
30 elects to increase the membership of the board of directors
31 from three to five members, one member added to the board
32 shall be appointed for an initial term of four years and the
33 remaining newly added member for an initial term of six years,
34 and thereafter the term of each additional director shall be
35 six years.

36 (3) In any Class 4 municipality~~which~~ that has adopted
37 a mayor-council form of government pursuant to Chapter 43B
38 ~~(commencing with Section 11-43B-1)~~ of this title, any
39 corporation formed pursuant to this chapter may have a
40 governing body ~~which shall consist~~ that consists of seven
41 members.

42 (4) Any corporation, located in any Class 5
43 municipality, ~~which~~ that is governed by a local law enacted in
44 the 1995 Regular Session may have a governing body ~~which shall~~
45 ~~consist~~ that consists of seven members.

46 (5) The governing body of any municipality that has a
47 population of less than 5,000 according to the most recent
48 federal decennial census and that has authorized the creation
49 of a corporation as provided in this article may increase the
50 membership of the board of directors from five to seven
51 members. In the event the governing body elects to increase
52 the membership of the board of directors from five to seven
53 members, one member added to the board shall be appointed for
54 an initial term of four years and the remaining newly added
55 member for an initial term of six years, and thereafter the
56 term of each additional director shall be six years.



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57 (b) (1) The directors of a corporation shall be elected
58 by the governing body of the municipality in regard to which
59 the corporation was formed, and they shall be elected to hold
60 office for staggered terms. The first term of office of one
61 director shall be two years, of another director shall be four
62 years, and of a third director shall be six years, as shall be
63 designated at the time of their election, and thereafter the
64 term of office of each director shall be six years.

65 (2) In any municipality: (i) with a population of less
66 than 5,000 according to the most recent federal decennial
67 census; (ii) that has authorized the creation of a corporation
68 as provided in this article; and (iii) for which the term of
69 the mayor and members of the municipal governing body were
70 extended by an act of the Legislature; the term of any board
71 member which will expire before the mayor's and members' of
72 the municipal governing body extended terms expire shall be
73 extended by one year.

74 ~~(b) (c) No~~ A fee shall may not be paid to ~~any~~ a director
75 for services rendered with respect to a sanitary sewer system.

76 (d) (1) Except as otherwise provided by this subsection,
77 ~~In~~ in any instance where the system or systems owned and
78 operated by ~~the~~ a corporation are any one or more of a water
79 system, a gas system, and an electric system, the chair of the
80 board of directors ~~may~~, at the discretion of the governing
81 body of the municipality with respect to which the corporation
82 was primarily organized, may be paid a director's fee in an
83 amount to be set and established by the governing body ~~in an~~
84 ~~amount~~ not exceeding six hundred dollars (\$600) per meeting



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85 attended, not to exceed seven thousand two hundred dollars
86 (\$7,200) per year, for one system and ten dollars (\$10) each
87 meeting for each additional system. ~~Each member of the board~~
88 ~~of directors, director~~ other than the chair, may be paid a
89 director's fee in an amount to be set and established by the
90 governing body in an amount not exceeding four hundred dollars
91 (\$400) per meeting attended, not to exceed four thousand eight
92 hundred dollars (\$4,800) per year for the system.

93 ~~Notwithstanding the foregoing, where~~

94 ~~(2) the municipality with respect to which the~~
95 ~~corporation was primarily organized has~~ In all municipalities
96 with a population of less than 5,000 inhabitants according to
97 the most recent official federal decennial census, the maximum
98 total amount of director's fees which that may be paid to the
99 chair of its the board of directors shall may not exceed six
100 hundred dollars (\$600) one thousand two hundred dollars
101 (\$1,200) per meeting attended, not to exceed seven thousand
102 two hundred dollars (\$7,200) per year, and the. The maximum
103 total amount of director's fees which that may be paid to any
104 other member of the board of directors shall may not exceed
105 four hundred dollars (\$400) six hundred dollars (\$600) per
106 meeting attended, not to exceed four thousand eight hundred
107 dollars (\$4,800) seven thousand two hundred dollars (\$7,200)
108 per year.

109 ~~(3) In all cities having populations municipalities~~
110 with a population of not less than 6,500 nor more than 8,500
111 according to the most recent federal decennial census, the
112 ~~members of the board of directors, including the chair, may~~



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113 each be paid a director's fee. The chair of the board shall be
114 compensated in an amount ~~not to exceed~~ exceeding six hundred
115 dollars (\$600) per meeting attended, not to exceed seven
116 thousand two hundred dollars (\$7,200) per year. Each director,
117 other than the chair, shall be compensated in an amount ~~not to~~
118 ~~exceed~~ exceeding four hundred dollars (\$400) per meeting
119 attended, not to exceed four thousand eight hundred dollars
120 (\$4,800) per year.

121 (4) In all ~~cities having populations~~ municipalities
122 with a population of not less than 12,500 nor more than 13,500
123 according to the most recent federal decennial census, the
124 chair of the board of directors, at the discretion of the
125 board, may be paid a director's fee in an amount not exceeding
126 six hundred dollars (\$600) per meeting attended, not to exceed
127 seven thousand two hundred dollars (\$7,200) per year, ~~and each~~
128 ~~member of the board.~~ Each director other than the chair may be
129 paid a director's fee in an amount not exceeding four hundred
130 dollars (\$400) per meeting attended, not to exceed four
131 thousand eight hundred dollars (\$4,800) per year.

132 (5) In all ~~cities having populations~~ municipalities
133 with a population of not less than 23,000 nor more than 27,000
134 according to the most recent federal decennial census, the
135 chair of the board of directors, at the discretion of the
136 board, may be paid a director's fee in an amount not exceeding
137 six hundred dollars (\$600) per meeting attended, not to exceed
138 seven thousand two hundred dollars (\$7,200) per year, ~~and each~~
139 ~~member of the board.~~ Each director other than the chair may be
140 paid a director's fee in an amount not exceeding four hundred



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141 dollars (\$400) per meeting attended, ~~but~~ not to exceed four
142 thousand eight hundred dollars (\$4,800) per year.

143 (6) In all ~~cities~~ municipalities located in Jefferson
144 County, Alabama, the chair of the board of directors, at the
145 discretion of the board, may be paid a director's fee in an
146 amount not exceeding four hundred fifty dollars (\$450) each
147 month for one system and fifty dollars (\$50) per month for
148 each additional system; ~~and each member of the board.~~ Each
149 director other than the chair may be paid a director's fee in
150 an amount not exceeding four hundred dollars (\$400) each month
151 for one system and forty dollars (\$40) per month for each
152 additional system.

153 (7) In all the ~~cities~~ municipalities in Franklin
154 County, including all Franklin County water or sewer board or
155 utility system or boards, or both, located therein, the
156 director's fee shall not exceed six hundred dollars (\$600)
157 each month for each system. The board in the ~~cities~~
158 municipalities of Franklin County may also establish a chair's
159 fee in a higher amount by a vote of ~~such~~ the body not to
160 exceed seven hundred fifty dollars (\$750) per meeting.

161 (8) ~~All members of the board of directors of any~~
162 ~~corporation organized pursuant to this article shall be~~
163 ~~reimbursed for actual expenses incurred in and about the~~
164 ~~performance of their duties pursuant to this article.~~
165 ~~Notwithstanding the foregoing, in~~ In a Class 7 municipality,
166 the chair of the board of directors of a corporation formed
167 under this chapter which owns and operates a water system, an
168 electric system, and a sewer system, at the discretion of the



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169 governing body of the municipality with respect to which the
170 corporation was primarily organized, may be paid a director's
171 fee in an amount ~~to be set and~~ established by the governing
172 body. Each ~~member of the board of directors,~~ director other
173 than the chair, ~~may be paid a director's fee in an amount to~~
174 ~~be set and~~ established by the governing body.

175 (e) In addition to any other compensation authorized,
176 all members of the board of directors of any corporation
177 organized pursuant to this article shall be reimbursed for
178 actual expenses incurred in the performance of their duties
179 pursuant to this article.

180 (f) (1) (c) Except as provided herein, any Any officer of
181 the a municipality shall be eligible for appointment with
182 respect to which a corporation was formed may be appointed and
183 may serve as a member of the board of directors of the
184 corporation for the term for which he or she is appointed or
185 during his or her tenure as a municipal officer, whichever
186 expires first, and may receive a fee for his or her services,
187 provided it the appointment is first approved by the board of
188 directors. ~~At no time shall the board consist of more than two~~
189 ~~officers of the municipality. The directors of the corporation~~
190 ~~shall be elected by the governing body of the municipality,~~
191 ~~and they shall be elected to hold office for staggered terms.~~
192 ~~The first term of office of one director shall be two years,~~
193 ~~of another director shall be four years, and of a third~~
194 ~~director shall be six years, as shall be designated at the~~
195 ~~time of their election, and thereafter the term of office of~~
196 ~~each director shall be six years. The governing body of any~~



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197 ~~municipality which has heretofore or hereafter authorized the~~
198 ~~creation of a corporation as provided in this article may~~
199 ~~increase the board of directors from three to five members to~~
200 ~~serve according to all the conditions and terms set forth in~~
201 ~~this article. In the event the governing body elects to~~
202 ~~increase the board of directors from three to five members,~~
203 ~~one member added to the board shall be appointed for a term of~~
204 ~~four years and the remaining member for a term of six years,~~
205 ~~and thereafter the term of each director shall be six years.~~
206 ~~At no time shall the board~~

207 (2)a. Except as provided in paragraph b., a board may
208 not consist of more than two officers of the municipality with
209 respect to which the corporation was formed.

210 b. If the membership of a board has increased pursuant
211 to subsection (a), the board may not consist of more than
212 three officers of the municipality with respect to which the
213 corporation was formed. Any officer of the municipality
214 ~~appointed to serve as a member of the board of directors shall~~
215 ~~serve for the term for which he or she is appointed or during~~
216 ~~his or her tenure as a municipal officer, whichever expires~~
217 ~~first.~~

218 (3) Notwithstanding the foregoing any provision of this
219 subsection, the certificate of incorporation of a corporation
220 formed, or an amendment to the certificate heretofore or
221 hereafter adopted pursuant to this article may restrict or
222 prohibit service on the board of directors by officers of the
223 municipality with respect to which the corporation was formed.

224 (g) (d) Nothing in Act 2007-458 and nothing in



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225 subsection ~~(f)~~ as amended by Act 2010-580 (a)(4) shall apply
226 to the City of Montgomery or the City of Prichard Water and
227 Sewer Board.

228 (h) ~~(e)~~ The amendatory provisions of this section as
229 provided in Act 2010-580 and the provisions of Act 2007-458
230 shall not affect the current board director and member fees in
231 the City of Birmingham.

232 ~~(f) The governing body of any municipality which has a~~
233 ~~population of less than 5,000 according to the most recent~~
234 ~~federal census and which has heretofore or hereafter~~
235 ~~authorized the creation of a corporation as provided in this~~
236 ~~division may increase the board of directors from five to~~
237 ~~seven members to serve according to all the conditions and~~
238 ~~terms set forth in this division. In the event the governing~~
239 ~~body elects to increase the board of directors from five to~~
240 ~~seven members, one member added to the board shall be~~
241 ~~appointed for a term of four years and the remaining member~~
242 ~~for a term of six years, and thereafter the term of each~~
243 ~~director shall be six years. At no time shall the board~~
244 ~~consist of more than three officers of the municipality. Any~~
245 ~~officer of the municipality appointed to serve as a member of~~
246 ~~the board of directors shall serve for the term for which he~~
247 ~~or she is appointed or during his or her tenure as a municipal~~
248 ~~officer, whichever expires first."~~

249 Section 2. This act shall become effective immediately.



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House of Representatives

Read for the first time and referred13-Jan-26
to the House of Representatives
committee on County and Municipal
Government
Read for the second time and placed21-Jan-26
on the calendar:
1 amendment
Read for the third time and passed26-Feb-26
as amended
Yeas 94
Nays 0
Abstains 10

John Treadwell
Clerk