

SB362 INTRODUCED



1 SB362
2 KHRWZU5-1
3 By Senators Kitchens, Gudger, Chesteen, Williams, Livingston,
4 Shelnut, Elliott, Barfoot, Carnley, Singleton, Chambliss,
5 Hatcher, Bell, Price, Sessions, Smitherman, Woods, Kelley,
6 Stewart, Figures
7 RFD: Fiscal Responsibility and Economic Development
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SYNOPSIS:

This bill would establish a framework for the classification of rural areas into tiers and would authorize state agencies to establish a tiered rural classification as needed.

A BILL
TO BE ENTITLED
AN ACT

Relating to state government; to establish a framework for the classification of rural areas into tiers for use by state governmental agencies as needed.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. For purposes of this act, the following terms have the following meanings:

(1) AGRICULTURAL ECONOMIC CHARACTER. A community where the local economy, land use patterns, or employment base is predominantly oriented toward farming, ranching, forestry, aquaculture, or related agricultural production and support activities, without regard to the community's proximity to a metropolitan area or whether agriculture is the sole economic activity of the community. Indicators of a community with an agricultural economic character include, but are not limited



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29 to, the following characteristics:

30 a. A significant portion of land is used or zoned for
31 agricultural or forestry purposes.

32 b. A measurable share of employment or business
33 activity is related to farming, livestock, timber, poultry,
34 row crops, or agricultural services.

35 c. Agricultural infrastructure, such as feed mills,
36 processing facilities, grain storage, farm supply businesses,
37 or forestry operations, is present.

38 d. Labor patterns are seasonal, cyclical, or otherwise
39 consistent with agricultural production.

40 (2) INDUSTRIAL ECONOMIC CHARACTER. A community where
41 the economy is primarily supported by manufacturing,
42 processing, fabrication, logistics, or distribution activities
43 typically located outside dense urban centers. The term
44 includes both legacy and modern industrial activities and may
45 exist within small towns or rural employment centers.
46 Indicators of a community with an industrial economic
47 character include, but are not limited to, the following
48 characteristics:

49 a. A concentration of employment in manufacturing,
50 processing, or industrial operations.

51 b. A presence of industrial parks, manufacturing
52 plants, or large-scale production facilities.

53 c. An economic reliance on a limited number of
54 industrial employers.

55 d. A presence of infrastructure designed to support
56 industrial activity, such as freight rail access, heavy



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57 trucking corridors, or utility-intensive facilities.

58 (3) METROPOLITAN COUNTY. A county included within a
59 metropolitan statistical area as designated by the United
60 States Office of Management and Budget.

61 (4) RESOURCE-BASED ECONOMIC CHARACTER. A community
62 where the economy is substantially dependent on the
63 extraction, cultivation, harvesting, or processing of natural
64 resources. The term may overlap with agricultural or
65 industrial economic character and is common in forested,
66 coastal, and mineral-rich regions of this state. Indicators of
67 a community with a resource-based economic character include,
68 but are not limited to, the following characteristics:

69 a. A measurable share of employment or business
70 activity related to timber, mining, quarrying, energy
71 production, fisheries, or water resources.

72 b. An economic sensitivity to commodity markets or
73 natural resource cycles.

74 c. A presence of geographic isolation driven by
75 proximity to natural resources rather than population centers.

76 d. A lack of economic diversification outside
77 resource-related industries.

78 (5) RURAL AREA. A municipality, unincorporated
79 community, or census tract designated under Alabama's tiered
80 rural classification system based on population, population
81 density, geographic isolation, commuting patterns, access to
82 essential services, and local economic character. A
83 municipality, unincorporated community, or census tract may be
84 considered rural regardless of the countywide metropolitan



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85 classification.

86 (6) URBANIZED AREA. A geographic area designated as
87 urban by the United States Census Bureau based on population
88 size, housing unit density, and land use patterns that include
89 densely developed cores and adjacent nonresidential urban
90 land.

91 Section 2. Rural areas may be classified into the
92 following tiers based on the following criteria for use by
93 governmental entities:

94 (1) Tier One - Remote and Deep Rural Communities.
95 Municipalities, unincorporated communities, or census tracts
96 that meet any of the following criteria:

97 a. The community has a population of 2,500 or fewer
98 residents or a population density of 50 or fewer individuals
99 per square mile.

100 b. The community is located outside of an urbanized
101 area as defined by the United States Census Bureau.

102 c. The community demonstrates geographic isolation.

103 d. The community presents limited access to health
104 care, broadband, education, workforce opportunities, or other
105 essential services.

106 e. The community exhibits constrained local
107 governmental or administrative capacity.

108 (2) Tier Two - Rural Communities. Municipalities,
109 unincorporated communities, or census tracts that meet any of
110 the following criteria:

111 a. The community has a population of 10,000 or fewer
112 residents or a population density of 200 or fewer individuals



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113 per square mile.

114 b. The community is not part of an urbanized area or
115 maintains a predominantly agricultural, industrial, or
116 resource-based economic character.

117 (3) Tier Three - Rural-Adjacent or Underserved
118 Communities. Municipalities, unincorporated communities, or
119 census tracts that meet any of the following criteria:

120 a. The community has a population of 20,000 or fewer
121 residents or a population density of 500 or fewer persons per
122 square mile.

123 b. The community is located within or adjacent to a
124 metropolitan county but demonstrates rural conditions, such as
125 limited infrastructure, extended travel time to essential
126 services, workforce shortages, or other economic distress.

127 Section 3. Rural classification pursuant to Section 2
128 shall be determined at the municipal, unincorporated
129 community, or census tract level and shall not be based solely
130 on countywide population totals, metropolitan status, or
131 inclusion within a metropolitan statistical area as designated
132 by the United States Office of Management and Budget.

133 Section 4. (a) A state agency may reference or
134 otherwise categorize communities using the tiered rural
135 classification schedule under Section 2 to do any of the
136 following:

137 (1) Establish eligibility thresholds for activities of
138 the agency.

139 (2) Prioritize funding, grants, incentives, or
140 technical assistance.



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141 (3) Adjust matching requirements, cost-sharing
142 agreements, or administrative flexibility.

143 (4) Target resources to the most remote or underserved
144 communities.

145 (b) If an agency uses the tiered rural classification
146 schedule, the agency shall give priority consideration to
147 remote and deep rural communities where applicable.

148 (c) A community may exhibit more than one economic
149 character. Determinations shall be based on predominant
150 conditions using the most recent data available from federal,
151 state, or local sources.

152 Section 5. An agency that administers any program that
153 references the tiered rural classification schedule may adopt
154 rules to implement the tiered classification system into the
155 specific program the agency administers. These rules may
156 govern the use of population data, census designations,
157 commuting patterns, land use data, and other objective
158 indicators to assist with classification.

159 Section 6. This act shall become effective on October
160 1, 2026.