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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.

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 certain taxation.

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

A BILL
TO BE ENTITLED
AN ACT



29 Relating to economic development; to provide for the
30 establishment of public corporations known as innovation
31 districts to support certain economic development activities
32 using public revenues; to provide for the creation and
33 dissolution of innovation districts; to provide the powers of
34 innovation districts and the powers and duties of their boards
35 of directors; to exempt innovation districts from certain laws
36 and requirements, including taxation and competitive bid laws.

37 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

38 Section 1. Definitions.

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

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

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

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

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

53 (5) CORPORATE PERSON. Any corporation, partnership,
54 association, or organization which may be incorporated or
55 organized under any chapter of Title 10 of the Code of Alabama
56 1975, or under the laws of any state of the United States.



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

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

61 (8) ELIGIBLE TAX. Any tax that does not fund public
62 schools levied within the geographical boundaries of an
63 innovation district by an authorizing subdivision, the
64 proceeds of which tax may be used by the authorizing
65 subdivision for any lawful purpose without violation of any
66 contractual agreement, the terms of the ballot by which the
67 tax was voted, any state law or provision of the state
68 constitution, or any order or ruling of any agency, branch,
69 department, or instrumentality of the state or the United
70 States.

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

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

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

84 (12) PERSON. Collectively, corporate persons, natural



85 persons, and public entities.

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

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

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

96 (16) PUBLIC CORPORATION. Any public corporation
97 organized under the laws of the state other than a municipal
98 corporation.

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

101 (18) PUBLIC NOTICE REQUIREMENT. Notice and the holding
102 of a public meeting by the authorizing subdivision at which
103 time the authorizing subdivision and the district propose to
104 take an action, as authorized pursuant to this act. Notice
105 shall be by publication at least seven days prior to the
106 public meeting in a newspaper of general circulation in the
107 authorizing subdivision or by electronic posting on the
108 primary public website of the authorizing subdivision, which
109 describes in reasonable detail the applicable action proposed
110 to be taken by the district or the authorizing subdivision,
111 the public benefits expected to be achieved by the applicable
112 action, and the person or persons expected to benefit by the



113 applicable action

114 (19) QUALIFIED ENTERPRISE. Any activity, business, or
115 trade that is described in one of the following categories:

116 a. Advanced Manufacturing: (i) aerospace/aviation; (ii)
117 automotive; (iii) agriculture products/food production; (iv)
118 metal and advanced metals; (v) chemicals; (vi) forestry
119 products; (vii) alternative energy, battery/fuel cell, and
120 similar facilities.

121 b. Bioscience: (i) medical equipment and supplies; (ii)
122 pharmaceuticals; (iii) biotechnology.

123 c. Foundational Targets: (i) cybersecurity; (ii) data
124 centers; (iii) distribution/logistics; (iv) information
125 technology; (v) research and development.

126 d. Corporate operations for any of the foregoing.

127 (20) SUBDIVISION. Any county or municipality.

128 Section 2. Legislative Findings and Intent.

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

140 (b) In furtherance of subsection (a) the legislative



141 intent and public purpose of this act is:

142 (1) To provide authority to municipalities and counties
143 for the creation of districts with corporate authority and
144 power to provide, in the discretion of the districts, public
145 resources; and

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

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

150 (a) The governing body of any subdivision, or the
151 governing bodies of any two or more subdivisions, may
152 authorize the incorporation and organization of an innovation
153 district as a public corporation of the state, with powers set
154 forth in this act, for the purpose of establishing or
155 undertaking any project.

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

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

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

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

167 (4) Attach the proposed certificate of incorporation of
168 the proposed district and state that the proposed certificate



169 of incorporation is attached to the application and made a
170 part thereof; and

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

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

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

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

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

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



197 authorizing resolution.

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

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

203 (7) The number of members, which must be an odd number
204 not less than three, of the board of directors of the district
205 and the duration of the term of office, which shall not be in
206 excess of six years.

207 (8) A description of the geographic boundaries of the
208 innovation district, which description may be by reference to
209 tax assessment tracts in accordance with the tax assessor's
210 system, by metes and bounds, by subdivision lot, by reference
211 to recorded deeds, or by other reasonable reference method.

212 (9) The terms of any prohibition, limitation, or
213 condition with respect to the exercise of any authority or
214 power of the district or the duration of the district, if any.

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

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

222 (d) (1) The governing body of a subdivision with which
223 an application is filed pursuant to this act, as promptly as
224 practicable, shall review the application and the attached



225 form of certificate of incorporation.

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

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

238 (e) As soon as practicable after the adoption of an
239 authorizing resolution by each authorizing subdivision, the
240 applicants shall do all of the following:

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

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

247 a. A certified copy of each authorizing resolution.

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

252 (3) File the certificate of incorporation for record in



253 the office of the judge of probate of the county in which the
254 principal office of the district is to be located.

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

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

265 (1) The board shall first adopt a resolution proposing
266 an amendment to the certificate of incorporation which must be
267 set forth in full in the resolution. The amendment may include
268 any matters that may have been included in the original
269 certificate of incorporation.

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



281 (3) As promptly as practicable after the filing of the
282 application with the authorizing subdivision, the governing
283 body shall review the application. The governing body of each
284 subdivision that has adopted a resolution approving the
285 amendment shall cause the resolution to be made a part of the
286 minutes and record of the meeting of the governing body during
287 which the resolution was adopted. A resolution approving an
288 amendment shall operate and be construed only as historical
289 and evidential. An authorizing resolution shall not operate or
290 be construed as of general and permanent nature or operation,
291 may be adopted at the same meeting at which it is introduced,
292 and shall be effective immediately without posting or
293 publication by any electronic, printed, or other means.

294 (4) As soon as practicable after the adoption of a
295 resolution approving the amendment by each authorizing
296 subdivision, the chair of the board of the district and the
297 secretary of the district shall sign and file for record in
298 the office of the judge of probate with which the certificate
299 of incorporation of the district was originally filed a
300 certificate in the name of and on behalf of the district
301 reciting the adoption of the respective resolutions by the
302 board and by the governing body of each authorizing
303 subdivision, setting forth the proposed amendment. The judge
304 of probate for the county shall thereupon record the
305 certificate in an appropriate book in his or her office. When
306 the certificate has been so filed and recorded, the amendment
307 shall become effective and the certificate of incorporation
308 shall thereupon be amended to the extent provided in the



309 amendment. No certificate of incorporation of an innovation
310 district shall be amended except in the manner provided in
311 this section.

312 Section 4. Board of Directors of District.

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

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

319 (c) Any natural person may serve on the board of a
320 district; provided, however a majority of the directors must
321 be natural persons who are residents of any of the authorizing
322 subdivisions of the district and, to the extent there are
323 multiple authorizing subdivisions, a majority of the directors
324 must be appointed by a single authorizing subdivision. A
325 minority of the directors may be natural persons who are not
326 residents of any of the authorizing subdivisions; provided,
327 however that any non-resident director must also be approved
328 by the governing body of each authorizing subdivision. The
329 appointment of all voting members of a board must be approved
330 by the authorizing subdivisions of the district in a manner
331 set forth by the respective authorizing subdivisions. In
332 addition, the Alabama Innovation Corporation may appoint a
333 single non-voting member who shall not count towards the
334 establishment of a quorum.

335 (d) Notwithstanding any other provision of this act,
336 board membership shall be inclusive and reflect the racial,



337 gender, geographic, and economic diversity of the authorizing
338 subdivisions of the district.

339 (e) Each director of the district shall hold a place on
340 the board and shall be appointed for the term of such place by
341 the person or persons, which may include the board, any
342 natural person, any corporate person, any public entity, or
343 the state, having the authority and power of appointment of
344 the director for such place, all as provided in the
345 certificate of incorporation of the district. Except as may be
346 otherwise provided in the certificate of incorporation of a
347 district, an officer or employee of any authorizing
348 subdivision shall be eligible for appointment and may serve as
349 a member of the board for the first to expire of the term for
350 which such officer is appointed or the term thereof as an
351 officer of the authorizing subdivision.

352 (f) Each director may hold a place on the board for
353 successive terms without limit. If at the expiration of any
354 term of office of any director a successor has not been
355 appointed, the director whose term of office expired shall
356 continue to hold office until the successor is appointed by
357 the person or persons having the appointive power for the
358 place of that director. If at any time there is a vacancy on
359 the board, whether by death, resignation, incapacity,
360 disqualification, or otherwise, a successor director to serve
361 for the unexpired term applicable to the vacancy shall be
362 elected or appointed by the person or persons who appointed
363 the predecessor director.

364 (g) Each director shall serve as such without



365 compensation but shall be reimbursed for expenses actually
366 incurred by the director while conducting his or her official
367 duties.

368 (h) The board may hold regular and special meetings as
369 the board determines or as provided in the bylaws of the
370 board. Any member of the board, any provision of law to the
371 contrary notwithstanding, may attend and participate in, and
372 constitute part of the quorum for, any regular or special
373 meeting of the board in person or by means of telephone
374 conference, video conference, or similar communications
375 equipment that allows all participants in the meeting to hear
376 each other at the same time; provided, every meeting shall
377 have one physical location available in an authorizing
378 subdivision for individuals wishing to be physically present,
379 and any vote taken at a meeting using the foregoing
380 communication equipment shall be taken by roll call vote that
381 allows each participant to vote individually in a manner
382 audible to all participants. The board may take any action at
383 any regular or special meeting. A majority of the directors
384 present, in person or by electronic or telephonic
385 communications, at a meeting shall constitute a quorum for the
386 exercise of any authority or power of the board. Any meeting
387 of the board may be adjourned from time to time by a majority
388 of the directors present or may be so adjourned by a single
389 director if the director is the only director present at the
390 meeting. No vacancy in the membership of the board or the
391 voluntary disqualification or abstention of any member of the
392 board shall impair the right of a quorum to exercise all the



393 powers and perform all the duties of the board at a regular or
394 special meeting. The secretary of the district shall reduce to
395 writing and maintain in a permanent record all proceedings and
396 resolutions of the board. Copies of the proceedings, when
397 certified by the secretary of the district, shall be received
398 in all courts as prima facie evidence of the matters and
399 things therein certified.

400 (i) The determinations set forth in a resolution of the
401 board, including the determination that an activity, facility,
402 or undertaking, or application of funds or tax proceeds under
403 control of the board constitutes a "project" or are otherwise
404 in furtherance of the purposes of this chapter, shall be
405 subject to judicial review as provided and limited by law for
406 judicial review of legislative acts and determinations by a
407 subdivision.

408 (j) If a matter comes before the board with respect to
409 which any director, any related party, including a sibling,
410 spouse, or lineal descendant, or any business enterprise with
411 which the director is associated, has any direct or indirect
412 pecuniary interest, the director shall immediately disclose
413 the interest to the board and remove himself or herself and
414 withdraw from the meeting prior to the consideration,
415 deliberation, and voting on the matter by the board.

416 (k) The district and the incorporators, directors,
417 officers, employees, and agents of the district shall have the
418 same limitations on liability as a municipality and its
419 officers, employees, and agents for negligent acts. These
420 limitations shall not apply to subcontractors or independent



421 contractors of the innovation district.

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

426 Section 5. Officers of District.

427 The officers of an innovation district shall consist of
428 a chair, a vice chair, a secretary, a treasurer, and such
429 other officers as its board deems necessary or desirable. The
430 offices of secretary and treasurer may be held by the same
431 individual. The chair and vice chair of an innovation district
432 shall be elected by the board from the board membership. The
433 secretary, the treasurer, and any other officers of the
434 district may but need not be members of the board and shall
435 also be elected by the board. The chair, vice chair, and
436 secretary of the district shall also be the chair, vice chair,
437 and secretary of the board, respectively.

438 Section 6. Powers of District.

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

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

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

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



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

452 (5) Notwithstanding Chapter 1B of Title 18 of the Code
453 of Alabama 1975, to acquire real property within the
454 geographic boundaries of the innovation district, whether by
455 gift, purchase, transfer, foreclosure, lease, or devise, and
456 to construct, improve, operate, maintain, equip, and furnish
457 the property and interests in property as the board determines
458 to be necessary for the purposes of the district.

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

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

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

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

474 (10) To fix and revise, and charge and collect, fees,
475 licenses, rates, and rentals for services rendered by the
476 district within the geographic boundaries of the district or



477 for the use of any property owned by and located within the
478 geographic boundaries of the district, and to apply the
479 proceeds thereof for any lawful purpose of the district.

480 (11) To the extent authorized or permitted by the state
481 constitution, to grant, loan, or donate, or otherwise make
482 available any funds, money, revenues, or property of the
483 district upon such terms as the board shall determine to: (i)
484 any public person or persons, and (ii) upon compliance with
485 the public notice requirements, any corporate person or
486 corporate persons and natural person or natural persons.

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

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

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

501 (15) To make, enter into, and execute contracts,
502 agreements, leases, and other instruments, and to take such
503 other actions as may be necessary or convenient to accomplish
504 any purpose for which the district was organized or to



505 exercise any power granted under this act.

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

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

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

527 (19) To invest its monies, including, but not limited
528 to, the monies held in any special fund created pursuant to
529 any trust indenture or agreement or resolution securing any of
530 its financial obligations and proceeds from the sale of any
531 financial obligations not required for immediate use, in such
532 investments as are authorized by the laws of the state for the



533 investment of funds and money of a municipality.

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

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

544 (22) To do any and all things necessary or convenient
545 to carry out its purposes and to exercise its powers pursuant
546 to this act to the extent permitted by law.

547 Section 7. Contributions and Application of Eligible
548 Taxes.

549 Each authorizing subdivision of an innovation district,
550 anything in this act or state law to the contrary
551 notwithstanding, and to the extent permitted by the state
552 constitution and upon compliance with the public notice
553 requirements and pursuant to contractual agreement authorized,
554 executed, and delivered by the authorizing subdivisions and
555 innovation district, from time to time may pledge or assign
556 any eligible tax to or for the benefit of any district with
557 respect to which it is an authorizing subdivision.

558 Section 8. Financial Obligations of an Innovation
559 District.

560 (a) Each district shall have, and may exercise as



561 provided in Section 6(12), the authority and power to assume,
562 incur, or issue, at any time and from time to time, any
563 financial obligation or financial obligations, without
564 limitation as to aggregate principal amount, as the board
565 determines to be necessary or desirable for any lawful purpose
566 of the district, including, but limited to:

567 (1) Payment of the costs of a project;

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

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

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

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

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

579 (b) Each financial obligation of an innovation district
580 may be in such form and denomination and of such tenor and
581 maturity or maturities, shall be payable in lawful currency of
582 the United States in such installments as serial or term
583 obligations or a combination thereof, and at such time or
584 times, not exceeding 45 years from the date thereof, may be
585 payable at such place or places whether within or without the
586 state, may bear interest at such rate or rates payable at such
587 time or times and at such place or places and evidenced in
588 such manner, may be subject to prepayment or redemption in



589 advance of maturity at such price or prices and upon such
590 notice, terms, and conditions, and may contain such provisions
591 which are not in violation of this act, all as provided in the
592 applicable agreement, indenture, or resolution of the district
593 that has authorized the incurrence or issuance thereof.

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

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

616 (e) An innovation district shall cause all financial



617 obligations assumed, incurred, or issued by the district to be
618 executed by manual or electronic signature of an officer or
619 officers as authorized and provided in the agreement,
620 indenture, or resolution of the district which authorized the
621 financial obligation. A statement upon the signature page of a
622 financial obligation of an innovation district that the
623 financial obligation was issued under the seal of the district
624 shall be conclusive for all purposes of state law. A financial
625 obligation that has been executed by an officer or officers in
626 office on the date of the execution shall be valid and
627 enforceable, notwithstanding that before delivery of the
628 financial obligation, any such officer whose signature appears
629 thereon has ceased to hold such office.

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

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

644 (h) (1) The district shall apply the proceeds of any



645 financial obligation solely for the purposes for which the
646 financial obligation has been incurred or issued, including,
647 but not limited to, payment of the costs of incurrence or
648 issuance of the financial obligations, including, but not
649 limited to: (i) fees and expenses of attorneys, accountants,
650 financial advisors, consultants, trustees and paying agents,
651 and underwriters; and (ii) the costs of municipal bond
652 insurance policies, letters of credit, and such other credit
653 or liquidity facilities which provide for payment when due of
654 all or part of the principal of, and premium and interest on,
655 the financial obligations.

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

663 (i) The financial obligations of any district shall be
664 legal investments in which the state and its agencies and
665 instrumentalities, all subdivisions and public corporations
666 organized under the laws of the state, all insurance companies
667 and associations and other persons carrying on an insurance
668 business, all banks, savings banks, savings and loan
669 associations, trust companies, credit unions, and investment
670 companies of any kind, all administrators, guardians,
671 executors, trustees, and other fiduciaries, and all other
672 persons whosoever are now or may hereafter be authorized to



673 invest in financial obligations or other obligations of the
674 state, may properly and legally invest funds in their control
675 or belonging to them.

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

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

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

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



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

717 (c) Any assignment, mortgage, or pledge of property by
718 the district for the benefit of any financial obligation shall
719 be effective, valid, and binding from the time the assignment,
720 mortgage, or pledge is made, and the property subject thereto
721 shall immediately, or as soon thereafter as the district
722 obtains any right thereto or interest therein, be subject to
723 the assignment, mortgage, or pledge without physical delivery
724 of the subject property or any agreement, document, or
725 instrument providing therefor, or any further act, and the
726 encumbrance and lien of any such assignment, mortgage, or
727 pledge shall be effective, valid, and binding as against all
728 persons having claims of any kind in tort, contract, or



729 otherwise against the district, irrespective of whether such
730 persons have actual notice thereof, from the time notice of
731 the assignment, mortgage, or pledge is filed for record: (i)
732 in the office of the judge of probate in which the certificate
733 of incorporation of the district was filed for record; and
734 (ii) in the case of any assignment, mortgage, or pledge of any
735 tangible property, whether real, personal, or mixed, in the
736 office of the judge of probate of the county in which the
737 property is or is to be located pursuant to any agreement made
738 by the district with any person respecting the location and
739 use of the property. The notice shall contain a statement of
740 the existence of any such assignment, mortgage, or pledge, a
741 description of the subject property, and a description of the
742 financial obligations secured thereby, all in terms sufficient
743 to give notice to a reasonably prudent person of the existence
744 and effect of any such assignment, mortgage, or pledge;
745 provided, the notice may be in form of: (i) a summary
746 statement; or (ii) an executed counterpart of the agreement,
747 document, or instrument which contains the assignment,
748 mortgage, or pledge. The recording of the notice shall operate
749 as constructive notice of the contents thereof.

750 (d) All financial obligations assumed, incurred, or
751 issued by an innovation district shall be solely and
752 exclusively an obligation of the district and shall not create
753 a direct, indirect, or contingent obligation or pecuniary
754 liability, or general obligation, or charge against the
755 general assets, credit, funds, property, revenues, or taxing
756 power of the state or any subdivision, including, but not



757 limited to, any authorizing subdivision.

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

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

771 (a) An innovation district shall constitute a "unit"
772 for purposes of Article 17 of Chapter 6 of Title 6 of the Code
773 of Alabama 1975. An innovation district, in the determination
774 of the board, may file a petition with respect to any
775 financial obligation or financial obligations thereof pursuant
776 to Article 17 of Chapter 6 of Title 6 of the Code of Alabama
777 1975.

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



785 The publication in each such county shall be in a newspaper
786 having general circulation therein and shall be in
787 substantially the following form (the blanks being properly
788 filled in) at the end of which shall be printed the name and
789 title of either the chair or secretary of the district:
790 " _____, a public corporation and
791 instrumentality of the State of Alabama, on the _____ day of
792 _____, authorized the issuance of \$ _____ principal
793 amount of _____ (identification of the
794 obligation) of the said public corporation for purposes
795 authorized in the act of the Legislature of Alabama under
796 which the public corporation was organized. Any action or
797 proceeding questioning or contesting the validity of the said
798 financial obligations, or the instruments securing the same,
799 or the proceedings authorizing the same, must be commenced on
800 or before _____ (here insert date determined in
801 accordance with the provisions of the next paragraph of this
802 section."

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



813 such financial obligations, or the validity of any instruments
814 securing the same, must be commenced on or before the date
815 determined in accordance with the preceding sentence and
816 stated in the notice as the date on or before which any such
817 action or proceeding must be commenced. After that date, no
818 right of action or defense shall be asserted questioning or
819 contesting the validity of the financial obligation or the
820 instruments securing the same, or the proceedings authorizing
821 the same, nor shall the validity of such financial obligations
822 or such instruments or proceedings be open to question in any
823 court on any ground whatsoever, except in an action or
824 proceeding commenced on or before that date.

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

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

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

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

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



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

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

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

856 (b) The state and each public entity and public
857 corporation, upon compliance with the public notice
858 requirements, may assume, incur, or issue, by private or
859 public sale in compliance with applicable state law and the
860 state constitution, any financial obligation, as a general,
861 limited, or special obligation thereof, to provide funds for
862 any purpose of this section.

863 (c) The state and each public entity and public
864 corporation shall cause each contractual agreement or
865 instrument delivered for any purpose in subsection (a) to
866 provide for, or set forth, in the agreement or instrument: (i)
867 the purpose of the agreement; and (ii) the authorization and
868 direction of a specific officer or officers, by title or



869 office, of the public entity or public corporation to pay any
870 pecuniary obligation of the public entity or public
871 corporation in lawful currency of the United States and in
872 liquidated amounts when due on a date or dates certain, which
873 amounts and dates of payment may be set forth in the agreement
874 or instrument, or schedule thereto, or incorporated therein by
875 specific reference.

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

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

890 Section 12. Audited Financial Statements.

891 (a) An innovation district shall be required to produce
892 audited financial statements from a certified public
893 accountant, or a firm thereof, regularly engaged in the
894 auditing of financial records, or an auditor who is regularly
895 employed by the Department of Examiners of Public Accounts,
896 for each fiscal year and, when available, deliver the audited



897 financial statements to each public entity that financially
898 supports the district, if the district: (i) receives any
899 eligible taxes; (ii) receives any funds, proceeds, or revenues
900 from any public entity; or (iii) issues any financial
901 obligation.

902 (b) For purposes of this section, the person conducting
903 an audit pursuant to subsection (a) must be a person who: (i)
904 is in fact independent; (ii) does not have any direct
905 financial interest or any material indirect financial interest
906 in the district; and (iii) is not connected with the district
907 or any officer, employee, promoter, underwriter, trustee,
908 partner, director, or person performing similar functions.

909 Section 13. Exemption of District from Taxation.

910 (a) (1) Except as provided in subdivision (2), each
911 district and its property shall be exempt from all fees,
912 charges, and taxes levied by any judge of probate or taxing
913 authority of the state, including, but not limited to, ad
914 valorem taxes, privilege, license, and excise taxes,
915 occupational taxes, business license taxes, and recording fees
916 and taxes.

917 (2) Notwithstanding subdivision (1), property of a
918 district shall be subject to all of the fees and taxes
919 described in subdivision (1) if the project or property is or
920 will be treated as owned for federal income tax purposes by a
921 corporate person or a natural person.

922 (b) The income of any district, all financial
923 obligations of a district, the income and interest from the
924 financial obligations, conveyances by or to an innovation



925 district, and leases, mortgages, and deeds of trust or trust
926 indentures by or to an innovation district, shall be exempt
927 from all taxation in the state.

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

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

935 Section 15. Exemption of District from Competitive Bid
936 Laws.

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

943 Section 16. Exemption of District from State Oversight.

944 (a) Except as provided in this act and specifically in
945 subsection (b), an innovation district shall not be required
946 to obtain the approval or consent of, or make any filing with,
947 or provide notice to the state or any state agency,
948 department, or other instrumentality of the state, with
949 respect to the incorporation or the amendment of the
950 certificate of incorporation of the district, or the exercise
951 of any authority or power provided in this act or permitted
952 under state law.



953 (b) An innovation district shall be subject to local
954 codes and ordinances.

955 Section 17. Applicability of Certain State Laws.

956 (a) An innovation district shall be subject to Chapter
957 25 of Title 36 of the Code of Alabama 1975, but board members
958 shall not be required to file a statement of economic
959 interests under Section 36-25-14 of the Code of Alabama 1975,
960 or any successor to that law.

961 (b) Except as otherwise provided in this act, an
962 innovation district shall be subject to the Alabama Open
963 Meetings Act, Chapter 25A of Title 36 of the Code of Alabama
964 1975.

965 Section 18. District shall be Nonprofit Corporation.

966 An innovation district shall be a nonprofit
967 corporation, and no part of an innovation district's net
968 earnings remaining after payment of its expenses shall inure
969 to the benefit of any individual, firm, or corporation, except
970 that in the event a board shall determine that sufficient
971 provision has been made for the full payment of the expenses,
972 financial obligations, and other obligations of an innovation
973 district, then any portion, as determined by the board, of the
974 net earnings of an innovation district thereafter accruing, in
975 the discretion of the board, may be paid to one or more of the
976 district's authorizing subdivisions.

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

979 At any time when an innovation district has no
980 financial obligations or other executory agreements



981 outstanding, its board may adopt a resolution, which shall be
982 duly entered upon its minutes, declaring that the district
983 shall be dissolved. Upon filing for record of a certified copy
984 of the resolution in the office of the judge of probate with
985 which the district's certificate of incorporation is filed,
986 the district shall thereupon stand dissolved, and in the event
987 the district owned any property at the time of the
988 dissolution, the title to all its properties, subject to the
989 state constitution, thereupon shall vest in the district's
990 authorizing subdivision, or if the district has more than one
991 authorizing subdivision, in the district's authorizing
992 subdivisions as tenants in common.

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

995 The existence of an innovation district incorporated
996 under this act shall not prevent the subsequent incorporation
997 under this act of another district pursuant to authority
998 granted by the same authorizing subdivision.

999 Section 21. Reporting.

1000 Not later than January 1, annually, each innovation
1001 district shall submit a report detailing all activities,
1002 including the status of any qualified enterprise within the
1003 district and the audited financial statements submitted
1004 pursuant to Section 12, to the Governor, the Lieutenant
1005 Governor, the Speaker of the House of Representatives, the
1006 President of the Senate, and each authorizing subdivision.

1007 Section 22. Cumulative Effect of Chapter.

1008 The provisions of this act are cumulative and shall not



1009 be deemed to repeal existing laws; provided, however, this act
1010 shall supersede any other laws to the extent the laws are
1011 clearly inconsistent with the provisions of this act.

1012 Section 23. This act shall become effective upon the
1013 ratification of the constitutional amendment proposed in House
1014 Bill 368 or Senate Bill 243 of the 2024 Regular Session.