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A BILL
TO BE ENTITLED
AN ACT

Relating to Madison County and its municipalities; to provide for an impact fee to be collected by the county and its municipalities to offset the costs of expanding public infrastructure required by new development.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

- (1) COUNTY. Madison County.
- (2) GOVERNMENTAL INFRASTRUCTURE. Any facilities, systems, or services that are owned and operated by or on behalf of a political subdivision for any of the following purposes:
 - a. Storm water, drainage, and flood control.
 - b. Roads and bridges.
 - c. Capital expenditures related to law enforcement and public safety, fire protection, emergency medical services, public park and recreational facilities, and public schools.
 - d. Maintenance and upkeep of facilities or resurfacing of roadways where needed because of the impact of new development.
- (3) IMPACT FEE. A charge or assessment imposed by a political subdivision against new development in order to



57 generate revenue for funding or recouping the costs of
58 governmental infrastructure necessitated by and attributable
59 directly to the new development. The term includes amortized
60 charges, lump-sum charges, capital recovery fees, contributions
61 in aid of construction, and any other similar fee that functions
62 as described by this definition. The term may also include
63 dedication of land for public parks or payments made in lieu of
64 the dedication to serve park needs. The term does not include
65 any of the following:

66 a. Lot or acreage fees to be placed in trust funds for
67 the purpose of reimbursing developers for oversizing or
68 constructing water or sewer mains or lines.

69 b. Other pro rata fees for reimbursement of water or
70 sewer mains or lines extended by the political subdivision.

71 (4) NEW DEVELOPMENT. Any of the following that increase
72 the demands on governmental infrastructure:

73 a. The subdivision of land.

74 b. The construction, reconstruction, redevelopment,
75 conversion, structural alteration, relocation, or enlargement of
76 any structure.

77 c. Any use or extension of the use of land.

78 (5) POLITICAL SUBDIVISION. The county or municipality
79 within the county.

80 (6) ROADS AND BRIDGES. Any public highway, road, or
81 bridge in a political subdivision, together with all necessary
82 appurtenances. The term includes a political subdivision's share
83 of costs for roadways and associated improvements designated on
84 the federal or state highway system, including local matching



85 funds and costs related to utility line relocation and the
86 establishment of curbs, gutters, sidewalks, drainage
87 appurtenances, and rights-of-way.

88 (7) SERVICE UNIT. The unit as determined by the political
89 subdivision of new development that increases demands on
90 governmental infrastructure against which the political
91 subdivision imposes the impact fee. The term may include a unit
92 of land, such as a lot, or an improvement.

93 Section 2. (a) The Madison County Commission, on land
94 outside the corporate limits of a municipality, or a
95 municipality, on land within the municipality's corporate
96 limits, may only enact or impose an impact fee in accordance
97 with this act. An impact fee may be imposed only for
98 governmental infrastructure and costs directly related thereto.

99 (b) A municipality may contract with the Madison County
100 Commission to provide governmental infrastructure, except
101 roadway facilities, to an area outside its corporate limits.

102 Section 3. (a) (1) An impact fee per service unit of new
103 development may be set by the political subdivision not to
104 exceed one percent of the estimated fair and reasonable market
105 value of the new development after completion.

106 (2) The estimated fair and reasonable market value of a
107 new development for the purpose of setting an impact fee
108 pursuant to subdivision (1) shall be based on the amount set
109 forth for the issuance of the building permit plus the value of
110 the land or an estimated fair and reasonable market value based
111 on information submitted by the developer. If the political
112 subdivision does not agree with the estimated fair and



113 reasonable market value submitted by the developer, the
114 political subdivision may obtain an appraisal by a licensed
115 appraiser. If the value of the development as submitted by the
116 developer and the value as set forth in the appraisal obtained
117 by the political subdivision are within 10 percent of each
118 other, the two values shall be averaged to determine the
119 estimated fair and reasonable market value of the development.
120 If the two values are not within 10 percent of each other, the
121 developer and the political subdivision shall together select a
122 licensed appraiser to submit an appraisal that would be binding
123 on both parties.

124 (b) An impact fee may be levied only once on a service
125 unit.

126 (c) A political subdivision, by ordinance, may provide
127 for credits against any impact fees for expenditures for
128 governmental infrastructure by the developer of a new
129 development and may provide credits based on the demonstrated
130 public benefit of the new development. The political subdivision
131 may provide the procedure for the approval of any credit against
132 any impact fees on the new development as provided in this
133 subsection.

134 (d) The county may elect to share revenues from the
135 collection of impact fees with a municipality when the revenues
136 are generated in the police jurisdiction of the municipality.
137 Any revenues shared pursuant to this subsection shall be used by
138 the municipality in accordance with this act.

139 Section 4. (a) A political subdivision may collect impact
140 fees at either the time of the transfer of a service unit, at



141 the time of connection to the political subdivision's water or
142 sewer system, or at the time the political subdivision issues
143 either the building permit or the certificate of occupancy.

144 (b) Any impact fees assessed pursuant to this act shall
145 be paid by the developer and shall be a lien on the property.

146 Section 5. (a) Prior to the adoption of an impact fee for
147 the political subdivision, the political subdivision shall hold
148 a public hearing on the governmental infrastructure needs as a
result of new development. Notice of the public hearing shall be
published at least once in a newspaper of general circulation in
the political subdivision and on the website of the political
subdivision not less than two weeks prior to the public hearing.

(b) Action on the resolution or ordinance setting the
impact fee in the political subdivision may be taken at a
regularly scheduled meeting of the governing body of the
political subdivision not less than two weeks after the public
hearing. The political subdivision shall make a specific finding
that the impact fee will benefit the new development.

Section 6. Any impact fees collected within a political
subdivision shall be used only for governmental infrastructure
purposes. Any impact fees collected pursuant to this act shall
be expended or contracted to be expended within five years of
the collection of the fees unless the development or the
expenditure or contracting for expenditure of the fees is
delayed by an Act of God or litigation. Any impact fee not
expended or contracted for within five years, unless subject to
an exception as provided in this act, shall be refunded to the
developer.



Section 7. This act shall become effective on the first day of the third month following its passage and approval by the Governor, or its otherwise becoming law.