

ORDINANCE NO. 2026-036

**AN ORDINANCE TO REPEAL CERTAIN PROVISIONS OF
ORDINANCE 2010-355, TO DEDICATE A PORTION OF THE
TOTAL SALES AND USE TAX LEVIED BY THE CITY OF
MADISON TO BE PAID OVER TO THE CITY OF MADISON
BOARD OF EDUCATION FOR PUBLIC SCHOOL PURPOSES,
AND TO PROVIDE FOR AN EFFECTIVE DATE OF THIS
ORDINANCE**

WHEREAS, the City Council of the City of Madison adopted and approved its Ordinance 2009-222 on November 23, 2009 (the “2009 Amendment”) by which it amended its then-current levy of sales and use taxes as then codified in Section 7-50(1), 7-50(2), 7-50(6), and 7-52(a) of the Madison City Code to increase the rate of such sales and use taxes by 0.5% from 2.5% to 3%; and

WHEREAS, the 2009 Amendment, together with (i) the ordinances enacting the City's sales tax prior to 2009, (ii) the 2010 Amendment defined herein, and (iii) Ordinance 2013-158, approved on June 24, 2013 which increased the rate of sales and use tax levied by an additional 0.5% (collectively referred to herein as the City's "Sales Tax Ordinance"), currently levy the City sales and use tax at the rate of 3.5% (the "Sales Tax"); and

WHEREAS, the purpose of the 2009 Amendment was to levy a portion of the Sales Tax in order to provide specifically dedicated revenue to be paid over to the City of Madison Board of Education (the “Board), to finance the construction of James Clemens High School (the “James Clemens School Project”); and

WHEREAS, the 2009 Amendment included provisions, in Sections 8 and 9 which would “sunset” or automatically terminate the levy of the James Clemens School Project portion of the Sales Tax and correspondingly reduce the rate of Sales Tax by a 0.5% in the event that (a) the electors of the City approved an ad valorem tax which would provide alternative funding for the James Clemens School Project by December 31, 2010 (Section 8), or (b) the electors failed to approve an ad valorem tax increase by that time, in which case the portion of the Sales Tax approved by the 2009 Amendment would remain in effect until December 31, 2024 (Section 9); and

WHEREAS, the Alabama legislature did not authorize a ballot measure for increase of ad valorem tax for public school purposes in the City in 2010 and thus no such ad valorem tax was approved, and further, by December 2010 it had become apparent that the financing of the James Clemens School Project would require a pledge to such indebtedness of the portion of the Sales Tax approved by the 2009 Amendment pursuant to the Sales Tax Ordinance for a longer period, through December 31, 2027, and that, due to the sustained rate of student growth in the City, it was in the best interest of the City to pay over to the Board the portion of the Sales Tax approved by the 2009 Amendment remaining after the payment of debt service on the James Clemens School Project, which the City has continue to do since; and

WHEREAS, the City adopted and approved its Ordinance 2010-355 on December 13, 2010 (the “2010 Amendment,”) by which the City repealed Sections 8 and 9 of the 2009 Amendment to eliminate any reference in the 2009 Amendment to the previously proposed ad valorem tax increase, and to extend the date by which the portion of the Sales Tax approved by the 2009 Amendment would expire, or sunset, to the earlier of the date on which the Board retired all outstanding debt for its James Clemens School Project, or December 31, 2027; and

WHEREAS, the City, the Board and the Alabama Public School and College Authority entered into a Funding and Pledge Agreement dated as of December 1, 2010 by which the portion of the Sales Tax approved by the 2009 Amendment was pledged to the debt for the James Clemens High School Project pursuant to the aforesaid Funding and Pledge Agreement, all as authorized by Section 3 of the 2010 Amendment; and

WHEREAS, due to a recodification of the Madison City Code, the Sales Tax Ordinance and the Sales Tax provisions in the Code which were located in Section 7-50 and 7-52 in 2009, are now codified in Section 10-82 and 10-84 of the Madison City Code; and

WHEREAS, as aforesaid, the City has continued to pay over to the Board the portion of the Sales Tax approved by the 2009 Amendment remaining after the payment of debt service on the James Clemens School Project, but the rate of growth of the number of students served by the Board has continued to significantly increase faster than the rate of increase in the Board's receipts of the said Sales Tax remaining after the payment of debt service on the James Clemens School Project; and

WHEREAS, due to the sustained increase in the number of students served by the Board and the need for the Board to not only provide basic facilities for all of its growing number of students, but superior and high-quality facilities which are expected by the residents of the City, many of whom choose to live in Madison for the school system, the Board has the need to receive the portion of the Sales Tax approved by the 2009 Amendment after the debt for the James Clemens School Project is retired; and

WHEREAS, it is the desire and intent of the City Council to repeal any provisions of 2010 Amendment to the Sales Tax Ordinance providing for the sunset or expiration of the 0.5% portion of the Sales Tax originally approved by the 2009 Amendment (the “Dedicated Portion”) and to provide and direct that the Dedicated Portion be dedicated primarily to the Board for the Board's public school purposes and paid over to the Board each month, and the levy of the Dedicated Portion of the Sales Tax shall continue and remain in effect at not less than the current rate of 0.5%.

THEREFORE, BE IT HEREBY ORDAINED by the City Council (herein called “the Council”) of the City of Madison, Alabama (herein called “the City”), as follows:

Section 1. Effective Date.

This Ordinance shall become effective upon its approval and publication as required by law. The foregoing **WHEREAS** clauses are incorporated herein by reference.

Section 2. Repeal of Section 1 of Ordinance 2010-355.

Section 1 of the 2010 Amendment is repealed as of the Effective Date of this Ordinance.

Section 3. Repeal of Section 3 of Ordinance 2010-355.

Section 3 of the 2010 Amendment is repealed, effective on December 31, 2027.

Section 4. Dedication of a Half-Cent Portion of the Sales Tax for the Public School Purposes of the Board and Payment of the same over to the Board on a monthly basis.

(a) Notwithstanding any provision of the 2010 Amendment or other law to the contrary (including, without limitation, any provision of the City Code or any previous ordinance of the City by which the City Sales Tax is levied), the Dedicated Portion of the Sales Tax is designated as being levied and collected primarily for use by the Board for its public educational and school purposes and will be paid over to the Board each month, except as qualified in this Ordinance.

(b) The Board may use the proceeds of the Dedicated Portion for any lawful purpose, including retirement of the James Clemens School Project debt.

(c) With City Council approval and pursuant to any subsequently executed funding agreements with the City, the Board may pledge the Dedicated Portion to and for the benefit of any lawful indebtedness, including bonds, warrants, or notes and to any financing contract or authority, bondholders, or trustee.

(d) The City will provide sixty (60) days' written notice to the Board prior to amending the Sales Tax Ordinance with respect to the Dedicated Portion of the Sales Tax.

Section 5. No Effect on Contractual Obligations & City Reservation of the Dedicated Portion of City Sales Tax for Economic Development or other Municipal Purposes

(a) This ordinance is not intended and shall not be construed to affect, modify, amend or impede the rights and obligations of the City or the Board made in that certain "Funding and Pledge Agreement" by and among the City, the Board, and the Alabama Public School and College Authority, dated as of December 1, 2010, which contractual obligations shall be completed and satisfied no later than December 31, 2027.

(b) Subject to the City's obligations within any subsequently executed funding and pledge agreement with the Board, the City reserves and shall have the right to provide Sales Tax incentives or abatements of any portion of the City Sales Tax, or to retain the Dedicated Portion, in connection with either (1) the annexation of new commercial parcels into the City, or (2) the approval of economic development agreements adopted pursuant to Section 94.01 of the Constitution of Alabama, as amended, for any parcel within the City limits. If the City elects to abate or retain the Dedicated Portion it shall provide written notice to the Board as soon as

practicable and in no event later than the date of any legal notice or agenda publication related to proposals described in this Section 5(b).

- (c) Pursuant to Section 5(b), the City shall retain for general municipal purposes the Dedicated Portion that is generated from commercial activity on the parcel located at 8094 Highway 72 West, Madison, Alabama 35758, which was annexed into the City pursuant to Ordinance No. 2025-421.

Section 6. No Change to the Rate of Levy of Sales and Use Taxes of the City

This ordinance is not intended and shall not be construed to increase or decrease the rate by which the City’s sales and use taxes, as set out in Section 10-82 and 10-84 of the Madison City Code are levied. Furthermore, in no event shall this ordinance be construed to limit the future ability of the City Council to increase the general rate of the Sales Tax.

Section 7. Ratification of Sales Tax Ordinance

The City's Sales Tax Ordinance, as amended hereby, is hereby ratified, adopted, and confirmed.

ADOPTED this ____ day of _____ 2026.

Maura Wroblewski, President,
Madison City Council

ATTEST:

Lisa D. Thomas, City Clerk-Treasurer

APPROVED this ____ day of _____ 2026.

Ranae Bartlett, Mayor
City of Madison, Alabama