

Updates to the State Constitution Supporting Local Economic Development

Vote YES to Amendment 7 on November 8, 2022

Generally, Alabama counties and cities are constitutionally prohibited from giving a “thing of value” to individuals or entities. In 2004, the people of Alabama approved the Economic Development Exception to this prohibition, authorizing counties and municipalities to give a thing of value “for the purpose of promoting the economic and industrial development of the county or the municipality” if certain procedures are followed.

Amendment 7—which will be on the ballot in the general election on November 8, 2022—proposes several technical changes to the economic development exception to address challenges that have arisen in nearly two decades. Amendment 7’s proposed technical changes are as follows:

Powers for All Counties

- 47 counties have their own local constitutional amendments about economic development, which has generated confusion about whether the Economic Development Exception applies equally to these counties. Amendment 7 provides that the Economic Development Exception applies equally to all counties and cities, regardless of whether they have separate local constitutional amendments.

Bonding Limits and Referendums

- Amendment 7 clarifies that obligations incurred or issued under the Economic Development Exception—except for general obligation bonds—are exempt from the section of the Alabama Constitution that would otherwise require holding a local bond referendum.

Publication of Public Notice

- Today, the Economic Development Exception requires that a public notice of a related project be published in a newspaper having the “largest” circulation in the county. Amendment 7 simply requires that the notice be published in a paper “in circulation” in the county.

Ratification of Actions

- Amendment 7 provides that actions taken under the Economic Development Exception are ratified and confirmed, unless they are currently involved in litigation.