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During its 2021 Regular Session, the Alabama Legislature passed Act 2021-297 which, in part, amended Alabama law as related to the reporting and auditing of revenue collected within a municipal police jurisdiction. This document is intended to serve as a guide for municipalities as to the notice and reporting requirements included in the Act which must be submitted to the Department of Examiners of Public Accounts (“Department”).

Key Dates and Deadlines

- **December 31, 2021**—Deadline for any municipality collecting license revenue or other taxes and fees within its police jurisdiction outside the corporate limits to notify the Department of the collection.
- **March 1, 2022**—Initial due date for annual reports described below and continuing annually thereafter.
- **March 1, 2023**—(1) Date upon which any municipality required to submit an annual report who fails to submit the same shall no longer be permitted to collect license revenue or other taxes and fees within its police jurisdiction outside the corporate limits; and (2) continuing annual deadline for submission of annual reports (March 1 of each year).
- **March 31, 2023**—The Department will provide notice to the Alabama Department of Revenue of any municipality prevented from the further collection of license revenue or other taxes or fees based upon the failure to submit an annual report as required. This notice will continue to be provided annually.

Which municipalities are required to provide notice to the Department?

Act 2021-297 requires that on or before December 31, 2021, any municipality collecting license revenue or other taxes and fees within its police jurisdiction outside the corporate limits shall notify the Department of Examiners of Public Accounts that it collects license revenue and other taxes and fees in its police jurisdiction outside the corporate limits.

How should this notice be submitted to the Department?

Municipalities required by Act 2021-297 to provide notice to the Department should do so in writing, by email to municipalities@examiners.alabama.gov, or by U.S. Mail, to the mailing address listed above and to the attention of Hannah Nelson.

What information should be included in the notice to the Department?

This notice simply needs to inform the Department that the municipality at issue does collect license revenue or other taxes and fees within its police jurisdiction outside its corporate limits and that the municipality is providing the notice as required by Act 2021-297.

What reporting requirements are included in Act 2021-297?

Act 2021-297 requires that beginning March 1, 2022, each municipality collecting license revenue and other taxes or fees within its police jurisdiction outside the corporate limits shall prepare an annual report to be submitted to the Department. This annual report must include the following information:

- An accounting of all license revenues and other taxes or fees collected in the police jurisdiction outside the corporate limits during the previous fiscal year; and
- A list of the services provided by the municipality and a list of service providers within the police jurisdiction outside the corporate limits.

Additionally, if the municipality provides police or fire protection within the police jurisdiction, the report shall include the following information:

- The total annual budget for each police department and fire department within the municipal corporate limits;
- The total number of calls responded to by each police or fire department within the municipal corporate limits; and
- The total number of calls responded to by each police or fire department within the police jurisdiction.

Note: For the police department, the call numbers reported should include the number of calls responded to as well as the number of citations and arrests made.

Annual reports shall be completed by **March 1** for the previous fiscal year, shall be forwarded to the Department, and shall be made available to the public. Annual reports may be submitted electronically, via email to municipalities@examiners.alabama.gov, or by U.S. Mail, to the mailing address listed above and to the attention of Hannah Nelson.

What happens if a municipality does not submit an annual report as required by Act 2021-297?

Act 2021-297 provides that if a municipality fails to file an annual report within 12 months of the report being due, the municipality may not collect any further license revenue or any other taxes or fees in the police jurisdiction outside the corporate limits.

Further, Act 2021-297 requires that the Department provide written notice to the Alabama Department of Revenue of any municipality prevented from the further collection of license revenue or other taxes or fees within 30 days of the annual report submission deadline.

What auditing implications are included in Act 2021-297?

Act 2021-297 authorizes the Legislative Committee on Public Accounts, by majority vote, to direct the Department to perform an audit of any municipality collecting revenue in its police jurisdiction outside the corporate limits. Act 2021-297 further provides that a municipality shall not be responsible for the cost of the audit so directed unless it is determined by the Department that a municipality is not in compliance with the Act.