

1 HB95  
2 162486-1  
3 By Representative Hill (M)  
4 RFD: Education Policy  
5 First Read: 03-MAR-15

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SYNOPSIS: Under existing law, cities and counties may accept credit and debit card payments. Existing law does not specifically authorize city and county boards of education to accept credit and debit card payments.

This bill would authorize local boards of education to adopt rules providing for the acceptance of credit and debit cards for payments to boards and to schools.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to local boards of education; to authorize local boards of education to adopt rules and procedures for the acceptance of credit and debit card payments for any payments made to the boards and schools.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1           Section 1. For the purposes of this act, the  
2 following words shall have the following meaning:

3           (1) CREDIT AND DEBIT CARDS. The term includes credit  
4 cards, charge cards, and debit cards issued by any bank,  
5 foreign lender, domestic lender, or credit card bank as  
6 defined in Section 5-20-3, Code of Alabama 1975.

7           (2) LOCAL BOARD OF EDUCATION. A city or county board  
8 of education.

9           (3) SCHOOL. A school under the jurisdiction of a  
10 local board of education.

11           (4) SUPERINTENDENT OF EDUCATION. The superintendent  
12 of education of a local school system.

13           Section 2. (a) A local board of education pursuant  
14 to rules adopted by the board may authorize the board and  
15 schools under the jurisdiction of the board to accept credit  
16 and debit card payments for any payment made to the board or  
17 school. Pursuant to the authority provided in this section,  
18 the superintendent of education may enter into appropriate  
19 agreements with credit and debit card issuers or other  
20 appropriate parties as needed to facilitate the acceptance of  
21 credit and debit card payments.

22           (b) Without limiting the generality of the  
23 foregoing, the agreements may provide for the receipt of  
24 credit and debit card payments at a discount from their face  
25 amount or the payment or withholding of administrative fees  
26 from the face amount of the payments. The local board of  
27 education may make any payment of discount or administrative

1 fees by paying an invoice or allowing withholding of discounts  
2 or administrative fees from the face amount of the credit and  
3 debit card payments. The discount or administrative fees may  
4 be authorized when the board determines that any reduction of  
5 revenue resulting from the discount or administrative fees  
6 will be in the best interest of the board. Factors which may  
7 be considered in making that determination may include, but  
8 are not limited to, improved cash flow, reduction of overhead,  
9 improved financial security, or a combination of one or more  
10 of the foregoing together with the benefit of increased public  
11 convenience. Any agreement shall provide that it may be  
12 canceled at any time by the board or superintendent, but the  
13 agreement shall provide for a reasonable period of notice for  
14 cancellation.

15 (c) A local board of education authorizing  
16 acceptance of credit or debit card payments may impose a  
17 surcharge or convenience fee upon the person making a payment  
18 by credit or debit card to wholly or partially offset, but not  
19 to exceed, the amount of any discount or administrative fees  
20 charged to the board. The surcharge or convenience fee shall  
21 be applied only when allowed by the operating rules and  
22 regulations of the credit or debit card involved. When a party  
23 elects to make a payment by credit or debit card and a  
24 surcharge or convenience fee is imposed, the payment of the  
25 surcharge or convenience fee shall be deemed voluntary by the  
26 party and shall not be refundable.

1 (d) No person making any payment by credit or debit  
2 card to a local board of education shall be relieved from  
3 liability for the underlying obligation except to the extent  
4 that the board realizes final payment of the underlying  
5 obligation in cash or the equivalent. If final payment is not  
6 made by the credit or debit card issuer or other guarantor of  
7 payment in the credit or debit card transaction, then the  
8 underlying obligation shall survive and the board shall retain  
9 all remedies for enforcement which would have applied if the  
10 credit or debit card transaction had not occurred. No contract  
11 may modify the provisions of this subsection. This subsection  
12 shall not make the underlying obligor liable for any discount  
13 or administrative fees paid to a credit or debit card issuer  
14 or other party by the board.

15 (e) If an election is made to accept a discount or  
16 administrative fee, the local board of education may withhold  
17 the cost of any discount or administrative fee charged by the  
18 credit card issuer or processor from each local board entitled  
19 to any proceeds from the payment made by the credit or debit  
20 card issuer. In that event, each local board shall be assessed  
21 the percentage of the cost equivalent to its pro rata share of  
22 the payment.

23 (f) The rules adopted by the local board of  
24 education may authorize the superintendent of education of the  
25 school system to adopt additional rules and operating  
26 procedures concerning the acceptance of credit and debit card  
27 payments by the board or schools.

1                   (g) An officer or employee of a local board of  
2 education who accepts a credit or debit card payment in  
3 accordance with this act and any applicable policies or rules  
4 of the local board of education or superintendent shall not  
5 thereby incur any personal liability for the final collection  
6 of any payments.

7                   Section 3. The provision of this act are  
8 supplemental and shall not be construed to repeal any law that  
9 is not in conflict herewith.

10                   Section 4. This act shall become effective on the  
11 first day of the third month following its passage and  
12 approval by the Governor, or its otherwise becoming law.