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3 HOUSE WAYS AND MEANS EDUCATION COMMITTEE SUBSTITUTE FOR SB309  
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8 SYNOPSIS: This bill would implement the constitutional  
9 amendment proposed by SB319 of the 2021 Regular  
10 Session by creating the Alabama Education Lottery  
11 Corporation to administer the Alabama Education  
12 Lottery and by establishing corresponding programs,  
13 funded with proceeds of the Alabama Education  
14 Lottery, to support educational attainment and  
15 fulfillment of the state's workforce needs.

16 The Alabama Education Lottery Corporation  
17 would be governed by a seven-member Board of  
18 Directors, appointed by the Governor with the  
19 advice and consent of the Senate and would be  
20 managed on a day-to-day basis by an Executive  
21 Director appointed by the board.

22 Board members and corporation employees  
23 would be subject to ethics requirements, including  
24 conflict-of-interest provisions, a gift ban, and a  
25 revolving door provision, and would face penalties  
26 for violating those requirements. The Corporation  
27 would be subject to auditing requirements and be

1 required to publish quarterly and annual financial  
2 statements.

3 This bill would allow the Corporation to  
4 adopt policies and procedures for a competitive  
5 solicitation process for major procurements and to  
6 establish a statewide network of lottery retailers.  
7 The network of lottery retailers would be selected  
8 in accordance with certain suitability requirements  
9 and policies and procedures adopted by the Board,  
10 including policies designed to encourage  
11 participation by minority-owned businesses.

12 The bill would prohibit the sale of lottery  
13 tickets to minors and would require the Corporation  
14 to publicize a toll-free telephone number for a  
15 compulsive or problem gambling organization. The  
16 bill would also establish procedures by which the  
17 Corporation could withhold lottery prize payments  
18 from persons who have outstanding child support  
19 arrearages or debts owed to the state.

20 This bill would establish criminal penalties  
21 for the offenses of "lottery skimming" and  
22 "possession of unapproved or unauthorized lottery  
23 tickets," and would allow for the confiscation of  
24 any unauthorized or unapproved lottery tickets.

25 This bill would provide for the disposition  
26 of proceeds from the Alabama Education Lottery by  
27 establishing three programs to support educational

1           attainment and fulfilment of the state's workforce  
2           needs: the Alabama Graduate Retention and  
3           Development ("Alabama GRADs") Two-year College  
4           Scholarship Program, the Alabama Graduate Retention  
5           and Development ("Alabama GRADs") Four-year College  
6           Scholarship Program, and the Alabama Graduate  
7           Retention and Development ("Alabama GRADs")  
8           Four-year College Student Loan Repayment Program.

9                     The Alabama GRADs Two-year College  
10           Scholarship Program would be a last-dollar  
11           scholarship program for federal financial aid  
12           recipients enrolled in an eligible two-year  
13           postsecondary program.

14                    The Alabama GRADs Four-year College  
15           Scholarship Program would provide additional  
16           financial grant assistance to individuals enrolled  
17           in an eligible four-year postsecondary program who  
18           receive the maximum award under the federal Pell  
19           Grant Program.

20                    The Alabama GRADs Four-year College Student  
21           Loan Repayment Program would assist eligible  
22           applicants who live and work in Alabama in repaying  
23           federal student loan debt incurred in connection  
24           with the award of a bachelor's degree from an  
25           Alabama four-year institution.

26                    Amendment 621 of the Constitution of Alabama  
27           of 1901, as amended by Amendment 890, now appearing

1 as Section 111.05 of the Official Recompilation of  
2 the Constitution of Alabama of 1901, prohibits a  
3 general law whose purpose or effect would be to  
4 require a new or increased expenditure of local  
5 funds from becoming effective with regard to a  
6 local governmental entity without enactment by a  
7 2/3 vote unless: it comes within one of a number of  
8 4 specified exceptions; it is approved by the  
9 affected entity; or the Legislature appropriates  
10 funds, or provides a local source of revenue, to  
11 the entity for the purpose.

12 The purpose or effect of this bill would be  
13 to require a new or increased expenditure of local  
14 funds within the meaning of the amendment. However,  
15 the bill does not require approval of a local  
16 governmental entity or enactment by a 2/3 vote to  
17 become effective because it comes within one of the  
18 specified exceptions contained in the amendment.

19  
20 A BILL  
21 TO BE ENTITLED  
22 AN ACT

23  
24 Relating to the administration of a statewide  
25 lottery; to create the Alabama Education Lottery Corporation;  
26 to create the Board of Directors of the Alabama Education  
27 Lottery Corporation; to provide for the membership and duties

1 of the Board of Directors; to create an Executive Director to  
2 oversee the daily operations of the Corporation; to require  
3 the Board to submit quarterly and annual financial reports; to  
4 create heightened ethics requirements for board members,  
5 officers, and employees; to exempt the Corporation from  
6 competitive bid laws; to create a statewide network of lottery  
7 retailers; to require criminal background checks of all  
8 vendors and potential employees; to create penalties for the  
9 use or possession of unauthorized or unapproved lottery  
10 tickets and in connection therewith would have as its purpose  
11 or effect the requirement of a new or increased expenditure of  
12 local funds within the meaning of Amendment 621 of the  
13 Constitution of Alabama of 1901, as amended by Amendment 890,  
14 now appearing as Section 111.05 of the Official Recompilation  
15 of the Constitution of Alabama of 1901; relating to the  
16 disposition of Alabama Education Lottery proceeds; to create  
17 the Alabama GRADs Two-year College Scholarship Program, the  
18 Alabama GRADs Four-year College Scholarship Program, and the  
19 Alabama GRADs Four-year College Student Loan Repayment  
20 Program; and to provide eligibility criteria and benefits for  
21 such programs.

22 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

23 Section 1. Short Title. This act shall be known and  
24 may be cited as the Alabama Education Lottery Act.

25 Section 2. Findings. The Legislature finds and  
26 declares the following:

1           (a) A corporate structure will best enable the  
2 Alabama Education Lottery Corporation to be managed in an  
3 entrepreneurial and business-like manner while also ensuring  
4 fairness and integrity for players.

5           (b) The Alabama Education Lottery Corporation shall  
6 be accountable to the Governor, the Legislature, and the  
7 people of the Alabama through a system of audits, reports, and  
8 disclosures as required by this act.

9           Section 3. Definitions. As used in this act, the  
10 following words and phrases shall have the following meanings  
11 unless the context clearly requires otherwise:

12           (1) ALABAMA EDUCATION LOTTERY. The official state  
13 lottery authorized by Section 65 of the Constitution of  
14 Alabama of 1901 consisting solely of Alabama Education Lottery  
15 Games approved by the Alabama Gambling Regulatory Commission  
16 and administered and operated solely by the Alabama Education  
17 Lottery Corporation.

18           (2) BOARD. The Alabama Education Lottery Corporation  
19 Board of Directors.

20           (3) COMMERCIAL ADVERTISING. Advertising intended for  
21 the sole benefit of the advertiser.

22           (4) COMMISSION. The Alabama Gambling Regulatory  
23 Commission created by Section 65 of the Constitution of  
24 Alabama of 1901.

25           (5) CORPORATION. The Alabama Education Lottery  
26 Corporation created by this act as authorized by Section 65 of  
27 the Constitution of Alabama of 1901.

1           (6) DIRECTOR. The Executive Director of the Alabama  
2 Education Lottery Corporation.

3           (7) FISCAL YEAR. The fiscal year of the State of  
4 Alabama that begins on October 1 and ends on September 30.

5           (8) GAMBLING DEVICE. Any device, machine,  
6 paraphernalia, or equipment that is normally used or usable in  
7 the playing phases of any gambling activity, whether that  
8 activity consists of gambling between persons or gambling by a  
9 person involving the playing of a machine.

10          (9) JOINT LOTTERY GAME. A lottery game that the  
11 Corporation administers solely within this state under an  
12 agreement with other lottery jurisdictions to sell the same  
13 lottery game solely within their statewide or other  
14 jurisdictional boundaries.

15          (10) LOTTERY. The Alabama Education Lottery.

16          (11) LOTTERY GAME. An Alabama Education Lottery Game  
17 as defined by Section 65 of the Alabama Constitution of 1901  
18 and approved by the Alabama Gambling Regulatory Commission.

19          (12) LOTTERY TICKET. A paper ticket used to  
20 determine the winner of an Alabama Education Lottery Game.

21          (13) LOTTERY VENDOR or VENDOR. Any individual or  
22 entity who has entered into a major procurement contract with  
23 the corporation.

24          (14) LOTTERY RETAILER or RETAILER. Any individual or  
25 entity with whom the corporation has contracted to sell  
26 lottery tickets to the public.

1 (15) MAJOR PROCUREMENT. Any item, product, or  
2 service in the amount of \$100,000.00 or more, including, but  
3 not limited to, major advertising contracts, annuity  
4 contracts, prizes, products, and services unique to the  
5 Alabama Education Lottery, but not including materials,  
6 supplies, and services common to the ordinary operations of a  
7 corporation.

8 (16) NET PROCEEDS. Gross lottery revenues minus the  
9 corporation's reasonable operating expenses, including,  
10 without limitation, amounts paid as prizes.

11 (17) PERSON. Any individual, corporation,  
12 partnership, unincorporated association or other legal entity.

13 (18) SECURITY. The protection of information that  
14 would provide an unfair advantage to any individual involved  
15 in the operation of the lottery, protection and preservation  
16 of the integrity of lottery games and operations, as well as  
17 measures taken to prevent crimes against the corporation and  
18 its retailers.

19 (19) VIDEO LOTTERY TERMINAL. Any electronic  
20 interactive game, machine, or device equipped with a video  
21 screen and buttons, keys, a keyboard, touchscreen or other  
22 input method allowing input by an individual player and into  
23 which the player inserts coins, tokens, currency, or other  
24 representations of value, including, but not limited to, an  
25 electronic card, ticket, or other thing on which value is  
26 electronically recorded, as consideration in order for play of  
27 a game to be available, and through which, as a result of the



1 play of the game, the player may receive additional free  
2 plays, credits redeemable for cash or a noncash prize, or some  
3 other thing of value, whether received directly from the  
4 device or otherwise, determined wholly or predominantly by  
5 chance.

6 Section 4. Administration of the Alabama Education  
7 Lottery.

8 (a) The Alabama Education Lottery shall be  
9 administered by the Alabama Education Lottery Corporation,  
10 which shall be an instrumentality of the state, and not a  
11 state agency.

12 (b) The existence of the corporation, which shall be  
13 domiciled in Montgomery County, shall begin upon the  
14 appointment of all seven members of the Board.

15 (c) The exclusive venue for any action or matter  
16 against the corporation arising out of or in connection with  
17 the issuance, non-issuance, delivery or failure to deliver a  
18 lottery ticket or payment or nonpayment of a lottery prize is  
19 Montgomery County.

20 Section 5. Administration of the affairs of the  
21 Alabama Education Lottery Corporation.

22 (a) The affairs of the corporation shall be  
23 administered by the Alabama Education Lottery Corporation  
24 Board of Directors. The board shall be composed of seven  
25 members appointed by the Governor with the advice and consent  
26 of the Senate. The Commissioner of Revenue, the Director of  
27 Finance, and the State Treasurer shall serve as ex officio,

1 nonvoting members. Members appointed when the Senate is not in  
2 session shall begin serving immediately upon appointment and  
3 shall continue serving unless rejected by the Senate during  
4 the next regular session following the appointment.

5 (b) (1) Members of the board shall be residents of  
6 the State of Alabama and shall reflect the geographic, racial,  
7 gender, urban, rural, and economic diversity of the state. A  
8 member may not have served as an elected public official for a  
9 period of two years prior to his or her appointment.

10 (2) Of the initial appointees, the members' terms  
11 shall be staggered as follows: two members shall serve five  
12 years; two members shall serve four years; one member shall  
13 serve three years; one member shall serve two years; and one  
14 member shall serve one year. After the expiration of the  
15 initial terms, members of the board shall serve terms of five  
16 years.

17 (3) Members may serve beyond the end of their  
18 respective terms until their successors have been appointed  
19 and qualified. No member shall serve more than two consecutive  
20 five-year terms. Members may be removed by the Governor for  
21 cause, including neglect of duty, misfeasance or nonfeasance  
22 in office.

23 (c) Members of the board shall be reimbursed by the  
24 corporation for necessary travel expenses pursuant to Article  
25 2, Chapter 7, Title 36. Members of the board shall also be  
26 reimbursed by the corporation for their reasonable expenses  
27 incurred in the performance of their official duties.

1 (d) Members of the board may not have any direct or  
2 indirect interest in an undertaking that puts their personal  
3 interest in conflict with that of the corporation, including,  
4 but not limited to, an interest in a major procurement  
5 contract or participating retailer.

6 (e) The board shall hold an initial meeting upon the  
7 call of the Governor. Thereafter, the board shall meet at  
8 least monthly for the first eighteen months and at such other  
9 times as the chair may determine. Four voting members of the  
10 board shall constitute a quorum. The board also shall meet  
11 upon the call of four or more of the voting members of the  
12 board.

13 (f) The members shall annually elect from its voting  
14 members a chair and may annually select a vice chair.

15 (g) All meetings of the board shall be subject to  
16 the Open Meetings Act, Chapter 25A of Title 36.

17 Section 6. Minority-owned business participation

18 It is the intent of the Legislature that the  
19 corporation encourage participation by minority-owned  
20 businesses. Accordingly, the board of directors shall adopt a  
21 plan that achieves to the greatest extent possible a level of  
22 participation by minority-owned businesses, taking into  
23 account the total number of all retailers and vendors,  
24 including any subcontractors. The corporation may administer  
25 training programs and other educational activities to enable  
26 eligible minority-owned businesses to compete for contracts on  
27 an equal basis. The board shall monitor the results of

1 minority-owned business participation and shall report the  
2 results of minority-owned business participation to the  
3 Governor and the Legislature at least on an annual basis.

4 Section 7. Appointment of Executive Director of the  
5 Alabama Education Lottery Corporation.

6 (a) The Executive Director of the corporation shall  
7 be appointed by the board. The director shall manage the daily  
8 affairs of the corporation and shall have such powers and  
9 duties as specified by this act, by the board, and by any  
10 rules adopted by the board. The director shall not be a member  
11 of the board. The director shall serve at the will and  
12 pleasure of the board.

13 (b) The director shall employ such personnel as he  
14 or she deems necessary. All personnel shall serve at the will  
15 and pleasure of the director, unless otherwise specified by  
16 the director.

17 (c) The board shall set the salary of the Director.

18 (d) No employee of the corporation shall be a member  
19 of the board.

20 Section 8. Inspection of records.

21 (a) Subject to subsection (b), all public records of  
22 the corporation shall be available for public inspection  
23 pursuant to the Public Records Law as provided by Section  
24 36-12-40.

25 (b) In no event shall a record of the corporation be  
26 subject to disclosure if:

1           (1) The record relates to or was provided by a  
2 confidential source or informant and relates to lottery  
3 security, applicant, vendor, or retailer qualifications or  
4 conduct;

5           (2) The record involves a trade secret of the  
6 corporation or of a vendor or retailer;

7           (3) The disclosure of the record would endanger the  
8 security of the lottery, its vendors, or its retailers; or

9           (4) The record is covered by another exemption under  
10 federal or state law.

11           Section 9. Duties of the board pertaining to the  
12 director; publication of policies adopted by board.

13           (a) The board shall approve, disapprove, amend, or  
14 modify the budget recommended by the director for the  
15 operation of the corporation.

16           (b) The board shall approve, disapprove, amend, or  
17 modify the terms of major procurements recommended by the  
18 director.

19           (c) The board shall serve as a board of appeals for  
20 any denial, revocation, or cancellation by the director of a  
21 contract with a lottery retailer.

22           (d) (1) The board shall adopt such policies and  
23 procedures as may be necessary to carry out and implement its  
24 powers and duties, the operations of the corporation, the  
25 conduct of lottery games in general and any other matters  
26 necessary or desirable for the efficient and effective  
27 operation of the lottery or for the convenience of the public.

1                   (2) The board shall not be subject to the  
2 Administrative Procedures Act; provided, however, that the  
3 board shall post its policies and procedures to its website.

4                   (e) The board shall provide the director with  
5 private sector perspectives on the operation of a business,  
6 large marketing enterprise, and the like.

7                   Section 10. Adoption of policies and procedures.

8                   (a) For any lottery game, the board shall adopt  
9 policies and procedures for the conduct and operation of the  
10 lottery game, including, but not limited to, policies or  
11 procedures specifying:

12                   (1) The sale price of tickets; provided, however,  
13 that all sales shall be for cash only and payment by checks,  
14 credit cards, charge cards, or any form of deferred payment is  
15 prohibited.

16                   (2) The number and amount of prizes.

17                   (3) The methods to be used in selling tickets for  
18 lottery games.

19                   (4) The methods and location of selecting or  
20 validating winning tickets.

21                   (5) The frequency and the means of conducting  
22 drawings which shall be open to the public.

23                   (6) The manner and time of payment of prizes.

24                   (7) The frequency of games and drawings.

25                   (8) Any other matters necessary to carry out this  
26 act and necessary for the efficient and effective operation of  
27 the lottery or for the convenience of the public.

1 (b) Nothing in this act shall prohibit a casino  
2 operator licensed by the commission from applying and  
3 operating as a lottery retailer under this act.

4 Section 11. Administration of lottery games; duties  
5 of corporation; liability of corporation.

6 (a) The corporation shall conduct and administer  
7 lottery games, as approved by the commission, to maximize  
8 revenues to the State of Alabama subject to all applicable  
9 laws concerning the efficient and effective operation of  
10 lottery games, the integrity of lottery games, the dignity of  
11 the state, and the general welfare of its citizens.

12 (b) The corporation, in pursuing the objectives and  
13 purposes of this act, may:

14 (1) Sue and be sued in its corporate name.

15 (2) Adopt, amend, and repeal bylaws, policies, and  
16 procedures, with the approval of the board, for the regulation  
17 of its affairs and the conduct of its business.

18 (3) Adopt a corporate symbol.

19 (4) Hold patents, copyrights, trademarks, and  
20 service marks and enforce its rights with respect thereto.

21 (5) Register to do business in Alabama and appoint  
22 agents upon which process may be served.

23 (6) Acquire real property and make improvements  
24 thereon.

25 (7) Make, solicit, and request proposals and offers,  
26 and execute and effectuate any and all agreements or  
27 contracts, including, but not limited to:

1           a. Agreements or contracts that provide for the  
2 placement of commercial advertising on tickets.

3           b. Agreements or contracts for the purchase and/or  
4 lease of real property as are necessary for the operation and  
5 promotion of the lottery.

6           c. Agreements or contracts necessary for the  
7 implementation, operation, and promotion of the lottery and  
8 this act.

9           d. Agreements or contracts with one or more states  
10 or sovereigns for the operation, participation in marketing,  
11 and promotion of a joint lottery or joint lottery game.

12           e. Agreements or contracts to incur debt in its own  
13 name and enter into financing agreements with any commercial  
14 bank or credit provider.

15           (c) The corporation shall:

16           (1) Submit quarterly and annual reports to the  
17 Governor, the Lieutenant Governor, the Speaker of the House of  
18 Representatives, the President Pro Tempore of the Senate, the  
19 State Treasurer, the State Auditor, the Director of Finance,  
20 and the Commissioner of Revenue containing financial  
21 information and projections which include, but are not limited  
22 to, disclosure of gross revenues, expenses and net proceeds  
23 for the period.

24           (2) Adopt policies and procedures establishing a  
25 system of continuous internal audits.

26           (3) Maintain weekly or more frequent records of  
27 lottery transactions, including distribution of tickets to



1 lottery retailers, revenues received, claims for prizes,  
2 prizes paid and all other financial transactions of the  
3 corporation.

4 (4) Adopt a code of ethics for officers and  
5 employees of the corporation to carry out the standards of  
6 conduct established by the Legislature.

7 (5) Adopt policies and procedures for the disposal  
8 of lottery property if the corporation is dissolved.

9 (d) The corporation, its governing board, staff,  
10 agents, vendors, and employees shall have no liability for any  
11 alleged damages in any way arising from any act or omission  
12 related to, or in connection with, the issuance, failure to  
13 issue, or failure to deliver a lottery ticket, unless a  
14 claimant shows by clear and convincing evidence that his or  
15 her alleged damages were caused by wanton, reckless, willful,  
16 or intentional misconduct.

17 Section 12. Duties and obligations of the director  
18 of the corporation; cooperation from agencies, departments, or  
19 units of state government.

20 (a) The director, as chief executive officer of the  
21 corporation, shall direct and supervise all administrative and  
22 technical activities in accordance with the provisions of this  
23 act and the policies and procedures adopted by the board. The  
24 director shall:

25 (1) Supervise and administer the operation of the  
26 corporation, the lottery, and lottery games.

1           (2) Employ and direct such personnel as may be  
2 necessary to carry out the purposes of this act and utilize  
3 such services, personnel or facilities of the corporation as  
4 he or she may deem necessary.

5           (3) Contract with lottery retailers in accordance  
6 with the policies and procedures adopted by the board.

7           (4) Make available for inspection by the board or  
8 any member of the board, upon request, all books, records,  
9 files, and other information and documents of his or her  
10 office and to advise the board and recommend such rules and  
11 other matters he or she deems necessary and advisable to  
12 improve the operation and administration of the lottery.

13           (5) Subject to the limitations of section 35, enter  
14 into any contract pursuant to this act with any person for the  
15 promotion and operation of the lottery or for the performance  
16 of any of the functions as provided in this act or the  
17 policies and procedures adopted by the board.

18           (6) Attend meetings of the board or appoint a  
19 designee to attend on his or her behalf.

20           (7) Not later than thirty days before the beginning  
21 of the corporation's fiscal year, submit the proposed annual  
22 budget of the corporation and projected net proceeds to the  
23 board for review and approval.

24           (b) The director, with the approval of the board,  
25 may amend or modify the budget at any time in any manner  
26 deemed necessary for the proper operation of the corporation.

1 (c) During his or her entire employment by the  
2 board, the director shall reside in Alabama.

3 (d) The director and the board shall conduct an  
4 ongoing examination of the operation and administration of  
5 lotteries in other states and/or countries, including  
6 reviewing available literature on the subject, of federal laws  
7 and regulations which may affect the operation of the lottery,  
8 and of the reaction of citizens of this state to existing or  
9 proposed features of lottery games with a view toward  
10 implementing improvements that will tend to serve the purposes  
11 of this act.

12 (e) The director shall require a bond from  
13 corporation employees with access to corporate funds or  
14 lottery funds in such an amount as required by the board.

15 (f) The director may:

16 (1) Require a bond from other employees as he or she  
17 deems necessary.

18 (2) For good cause, suspend, revoke, or refuse to  
19 renew any contract entered into in accordance with this act or  
20 the policies and procedures of the board.

21 (3) Upon specific or general approval of the board,  
22 conduct hearings and administer oaths to persons for the  
23 purpose of assuring the security or integrity of lottery  
24 operations, or to determine the qualifications or compliance  
25 by vendors and retailers.

26 (4) Upon specific or general approval of the board,  
27 enter into personal or professional service contracts pursuant

1 to rules adopted by the board and compensate such consultants  
2 and technical assistants as may be required to carry out the  
3 provisions of this act.

4 (5) By agreement, secure information and services as  
5 he or she may deem necessary from any department, agency, or  
6 unit of the federal, state, or local government, and to the  
7 extent allowed by federal or state law, may compensate such  
8 department, agency, or unit of government for its information  
9 and services.

10 (g) Agencies, departments, or other units of state  
11 government shall cooperate with the corporation to assure the  
12 integrity of the lottery and the effective operation of the  
13 lottery games.

14 Section 13. Intelligence sharing agreements.

15 (a) The corporation may enter into intelligence  
16 sharing, reciprocal use, or restricted use agreements with the  
17 federal government, law enforcement agencies, lottery  
18 regulation agencies, and gambling enforcement agencies of  
19 other jurisdictions which provide for and regulate the use of  
20 information provided and received pursuant to the agreement.

21 (b) Records, documents, and information in the  
22 possession of the corporation received pursuant to an  
23 intelligence sharing, reciprocal use, or restricted use  
24 agreement entered into by the corporation with a federal  
25 department or agency, any law enforcement agency, or the  
26 lottery regulation or gambling enforcement agency of any  
27 jurisdiction shall be exempt from disclosure and shall not be

1 released by the corporation without the permission of the  
2 person or agency providing the record or information.

3 Section 14. Use of attorney or outside counsel.

4 The board may employ an attorney or attorneys and/or  
5 may contract with outside counsel when the board determines  
6 the need for such counsel.

7 Section 15. Advertising on lottery tickets.

8 (a) The corporation may enter into contracts with  
9 any person or persons that provide for the placement of  
10 commercial advertising on tickets.

11 (b) The nature of the advertising authorized in this  
12 section and the procedures for its acceptance as well as the  
13 implementation of this section shall be provided by policies  
14 and procedures adopted by the board. The board shall retain,  
15 in its discretion, the authority to accept or reject any bid.  
16 Advertisements for tobacco and alcohol products shall not be  
17 accepted.

18 (c) Implementation of this section shall be in the  
19 manner provided in policies and procedures adopted by the  
20 board.

21 Section 16. Personnel; ethics requirements.

22 (a) The corporation shall establish and maintain a  
23 personnel program, including rules for its employees. The  
24 corporation may procure benefit programs or group insurance  
25 plans. The employees shall be subject to suspension,  
26 dismissal, reduction in pay, demotion, transfer, or other  
27 personnel action at the discretion of the director and shall

1 not be subject to the state merit system. The compensation of  
2 officers at the division head level and above shall be  
3 determined by the board. Corporation employees shall not be  
4 considered employees of the State of Alabama.

5 (b) A background investigation shall be conducted by  
6 the director or his or her agent or designee on every  
7 applicant who has reached the final selection process prior to  
8 employment by the corporation. The background investigation  
9 shall include testing the applicants for the presence of  
10 illegal controlled substances. Applicants shall be  
11 fingerprinted as a condition of employment. In addition, all  
12 board members, and all applicants for senior leadership  
13 positions as determined by the board, security-related  
14 positions as determined by the board, and other employee  
15 positions prior to employment as determined by the board,  
16 shall be subject to a background investigation report  
17 conducted by the Alabama Law Enforcement Agency. The Alabama  
18 Law Enforcement Agency shall be reimbursed by the corporation  
19 for the cost of investigations conducted pursuant to this  
20 section.

21 (c) No person who has been convicted of a felony,  
22 bookmaking, or other forms of illegal gambling, or a crime  
23 involving moral turpitude, shall be employed by the  
24 corporation.

25 (d) All board members, officers, and employees of  
26 the corporation shall be subject to the Ethics Laws, Section  
27 36-25-1, et seq., Code of Alabama 1975.

1           (e) No voting board member, officer, or employee of  
2 the corporation or any spouse, sibling, ascendant, or  
3 descendant of a board member, officer, or employee shall have  
4 a financial interest greater than 5% in any vendor doing  
5 business or proposing to do business with the corporation. Any  
6 person who knowingly violates this subsection shall, upon  
7 conviction, be guilty of a Class C felony.

8           (f) No voting board member, officer, or employee of  
9 the corporation with decision-making authority shall  
10 participate in any decision involving a lottery retailer with  
11 whom the board member, officer, or employee, or any spouse,  
12 sibling, ascendant, or descendant of such board member,  
13 officer, or employee has a financial interest. Any person who  
14 knowingly violates this subsection shall, upon conviction, be  
15 guilty of a Class C felony.

16           (g) No officer or employee of the corporation who  
17 leaves the employment of the corporation, nor any board  
18 member, may represent any vendor or lottery retailer before  
19 the corporation for a period of two years following  
20 termination of employment with the corporation or membership  
21 on the board. Any person who knowingly violates this  
22 subsection shall, upon conviction, be guilty of a Class C  
23 felony.

24           (h) No former voting board member or officer of the  
25 corporation, or a corporation or other entity owned, in whole  
26 or in part, by a former voting board member or officer of the  
27 corporation, shall solicit, accept employment, or enter into a

1 contract for compensation of any kind with a vendor of the  
2 corporation within two years after termination of service with  
3 the corporation. Any person who knowingly violates this  
4 subsection shall, upon conviction, be guilty of a Class C  
5 felony.

6 Section 17. Appeals.

7 (a) Any lottery retailer, vendor, or applicant for a  
8 lottery retailer or vendor contract aggrieved by an action of  
9 the director may appeal that decision to the board in  
10 accordance with policies and procedures adopted by the board.

11 (b) Any person aggrieved by a decision of the board  
12 may appeal the decision to the Circuit Court of Montgomery  
13 County within ten days of the date of the decision of the  
14 board.

15 (c) The Circuit Court of Montgomery County shall  
16 hear appeals from decisions of the board and based upon the  
17 record of the proceedings before the board may reverse the  
18 decision of the board only if the appellant proves the  
19 decision to be any of the following:

- 20 (1) Clearly erroneous;  
21 (2) Arbitrary or capricious;  
22 (3) Procured by fraud;  
23 (4) A result of substantial misconduct by the board;

24 or

25 (5) Contrary to the United States Constitution, the  
26 Constitution of Alabama of 1901, or this act.



1 (d) Any person who appeals to the circuit court from  
2 a decision of the board shall be liable for all costs of  
3 appeal in the event the appeal is denied or the award upheld.  
4 Costs of appeal may include, but should not be limited to,  
5 court costs, bond, and attorney fees if, upon the motion of  
6 the corporation, the court finds the appeal to have been  
7 frivolous.

8 Section 18. Letters of credit in lieu of a bond.

9 Whenever a bond is required for the protection of  
10 the corporation, letters of credit, or other surety approved  
11 by the corporation may be utilized in lieu of a bond. All  
12 bonds or letters of credit shall be reviewed at least annually  
13 as to their solvency and sufficiency.

14 Section 19. Prohibition of bulk sale of lottery  
15 tickets.

16 The board shall adopt rules that define and prohibit  
17 the bulk sale of lottery tickets by a retailer and the bulk  
18 purchase of such tickets by an investment syndicate,  
19 investment group, or individual for investment purposes.

20 Section 20. Inclusion on ticket of toll-free  
21 telephone number for compulsive or problem gambling  
22 organization.

23 The corporation shall require as a part of any  
24 contract for the production or printing of lottery tickets  
25 that each ticket include the toll-free telephone number of any  
26 state or national organization that provides information and  
27 referral services regarding compulsive or problem gambling.

1           Section 21. Publication of financial statements.

2           The corporation shall publish quarterly and annual  
3 financial statements, which shall be made available to the  
4 public within thirty days following the close of each quarter.  
5 The quarterly and annual financial statements shall include  
6 disposition of all funds expended by the corporation for any  
7 purpose, including disclosure of any major procurements.

8           Section 22. Verification of ticket validity;  
9 unclaimed prize money; discharge of liability; persons  
10 excluded from purchasing ticket or winning prize.

11           (a) The board shall adopt policies and procedures to  
12 establish a system of verifying the validity of tickets  
13 claimed to win prizes and to effect payment of such prizes,  
14 provided that:

15           (1) No prize, nor any portion of a prize, nor any  
16 right of any person to a prize awarded, shall be assignable,  
17 except as provided for in Section 24. Notwithstanding any  
18 other provisions of this act, any person, pursuant to an  
19 appropriate judicial order, shall be paid the prize to which a  
20 winner is entitled.

21           (2) No prize shall be paid arising from claimed  
22 tickets that are stolen, counterfeit, altered, fraudulent,  
23 unissued, produced or issued in error, unreadable, not  
24 received, unclaimed or not recorded by the corporation within  
25 applicable deadlines, lacking in captions that conform and  
26 agree with the play symbols as appropriate to the lottery game  
27 involved, or not in compliance with such additional specific

1 policies and procedures and public or confidential validation  
2 and security tests of the corporation appropriate to the  
3 particular lottery game involved.

4 (3) No particular prize in any lottery game shall be  
5 paid more than once, and in the event of a binding  
6 determination that two or more claimants are entitled to a  
7 particular prize, the sole remedy of such claimants is the  
8 award to each of them an equal share in the prize.

9 (4) A holder of a winning ticket from a lottery game  
10 shall claim a prize within the timeframe provided for in the  
11 corporation's rules. If a valid claim is not made for a prize  
12 within the applicable period, the prize shall constitute an  
13 unclaimed prize for purposes of paragraph (c).

14 (5) A person holding a winning lottery ticket in the  
15 amount of \$600.00 or more from a lottery game must provide his  
16 or her name and city or area of residence to the corporation  
17 to claim a prize. The corporation shall not disclose the  
18 identity of the person holding a winning lottery ticket  
19 without that person's written permission.

20 (b) No prize shall be paid upon a ticket purchased  
21 or sold in violation of this act. Any such prize shall  
22 constitute an unclaimed prize for purposes of paragraph (c).

23 (c) Any unclaimed prize money shall constitute  
24 lottery proceeds to be deposited into the Alabama Education  
25 Lottery Trust Fund.

26 (d) The corporation is discharged of all liability  
27 upon payment of a prize.

1 (e) No ticket shall be purchased by and no prize  
2 shall be paid to any of the following persons:

3 (1) Any member of the board or of the commission;

4 (2) Any officer or employee of the corporation or of  
5 the commission;

6 (3) Any officer or employee of a lottery vendor or  
7 lottery retailer; or

8 (4) Any spouse, child, brother, sister, or parent  
9 residing as a member of the same household in the principal  
10 place of abode of any person listed in paragraph (1), (2) or  
11 (3).

12 Section 23. Withholding of lottery prizes of persons  
13 who have outstanding child support arrearages or debts owed to  
14 the state.

15 (a) After consultation with the Department of Human  
16 Resources, the board shall adopt policies and procedures  
17 providing for the withholding of lottery prizes from persons  
18 who have outstanding child support arrearages as reported to  
19 the corporation, beginning at prize levels to be set in the  
20 board's policies and procedures. The corporation may require  
21 any agency reporting current child support arrearages to the  
22 corporation to provide information relating to such arrearages  
23 in a manner, format, or record mutually agreed upon by the  
24 corporation and the agency. The corporation shall not be  
25 liable for withholding a lottery prize (or portion of a  
26 lottery prize) based upon child support arrearage information  
27 provided to it. Additionally, the corporation shall establish

1 policies and procedures to withhold from lottery prizes debts  
2 owed to the state that otherwise would be subject to set-off  
3 under the provisions of Article 3, Chapter 18, Title 40, Code  
4 of Alabama 1975. The corporation shall not be liable for  
5 withholding a lottery prize (or portion of a lottery prize)  
6 based upon delinquent debt information provided to it by the  
7 Department of Revenue.

8 (b) To the extent feasible, the board shall  
9 coordinate with state agencies when adopting policies and  
10 procedures for the withholding of lottery prizes in accordance  
11 with subsection (a). However, in no event shall these policies  
12 and procedures provide less than the due process and other  
13 protections afforded debtors under Article 3, Chapter 18,  
14 Title 40, Code of Alabama 1975.

15 Section 24. Assignment of deferred annuity payments.

16 (a) Under an appropriate judicial order, any prize,  
17 or any portion of a prize, or any right of any person to a  
18 prize awarded, payable by the corporation in deferred annuity  
19 payments, may be paid to any person other than the winner.

20 (b) The right of a person to a prize payable by the  
21 corporation in deferred annuity payments may be voluntarily  
22 assigned as a whole or in part, if the assignment is made to a  
23 person designated in accordance with an order of the Circuit  
24 Court of Montgomery County. Any such order shall be deemed an  
25 appropriate judicial order.

26 (c) On the filing by the assignor or the assignee in  
27 the Montgomery County Circuit Court of a petition seeking

1 approval of a voluntary assignment, the court may issue an  
2 order approving a voluntary assignment and directing the  
3 corporation to make prize payments as a whole or in part to  
4 the assignee if the court finds all of the following:

5 (1) The assignment is in writing, is executed by the  
6 assignor, and is by its terms subject to the laws of this  
7 state.

8 (2) The assignor provides a sworn affidavit  
9 attesting that the assignor is of sound mind, is in full  
10 command of the assignor's faculties, and is not acting under  
11 duress.

12 (3) The assignor has been advised about the  
13 assignment by an independent attorney who is not related to,  
14 and not compensated by, the assignee or an affiliate of the  
15 assignee.

16 (4) The assignor understands that he or she will not  
17 receive the prize payments or parts of payments during the  
18 years assigned.

19 (5) The assignor understands and agrees, with regard  
20 to the assigned payments, that the corporation, board of  
21 directors, and officials and employees of the corporation  
22 shall have no further liability or responsibility for making  
23 the assigned payments to the assignor.

24 (6) The assignee provides the assignor with a  
25 one-page disclosure statement that sets forth in bold type not  
26 less than fourteen points in size the payments being assigned  
27 by amount and payment date, the purchase price, the rate of

1 discount to present value, assuming daily compounding and  
2 funding on the contract date, and any origination or closing  
3 fee that will be charged to the assignor.

4 (7) The contract of assignment expressly states that  
5 the assignor has three business days after signing the  
6 contract to cancel the assignment.

7 (8) The assignor and assignee do not seek assignment  
8 for purposes of evading creditors, judgments, or obligations  
9 of child support.

10 (9) The assignor and assignee have certified that  
11 neither of them has a child support obligation or, if either  
12 does have a child support obligation, that no arrearage is  
13 due, and that neither the assignor nor the assignee is  
14 obligated to repay any public assistance benefits, SNAP  
15 benefits, or overpayment of child support.

16 (d) The petition required by this subsection shall  
17 be accompanied by a certification from a representative of the  
18 Alabama Department of Human Resources stating any of the  
19 following:

20 (1) That the assignor or assignee does not currently  
21 have a child support arrearage pursuant to Title 4D of the  
22 Social Security Act, or the assignor or assignee does not owe  
23 an obligation to repay any public assistance benefits, SNAP  
24 benefits, or an overpayment of child support benefits to the  
25 Alabama Department of Human Resources.

1           (2) That the assignor or assignee does currently have  
2 a child support obligation and that no arrearage is payable to  
3 the Alabama Department of Human Resources.

4           (3) That the assignor or assignee does currently have  
5 a child support arrearage, or the assignor or assignee does  
6 owe an obligation to repay any public assistance benefits,  
7 SNAP benefits, or an overpayment of child support benefits to  
8 the Alabama Department of Human Resources.

9           The certification from the Alabama Department of  
10 Human Resources shall be provided to the assignor and the  
11 assignee promptly upon the request of the assignor or the  
12 assignee, and in no event more than ten business days after  
13 the request is received by the Alabama Department of Human  
14 Resources.

15           (d) Written notice of the petition and proposed  
16 assignment and any court hearing concerning the petition and  
17 proposed assignment shall be served on the corporation, which  
18 shall be made a party thereto.

19           (e) (1) The corporation, not later than ten days  
20 after receiving a certified copy of a court order approving a  
21 voluntary assignment, shall send the assignor and the assignee  
22 written confirmation of both of the following:

23           a. The court-approved assignment.

24           b. The intent of the corporation to rely on the  
25 assignment in making payments to the assignee named in the  
26 order free from any attachments, garnishments, or executions.



1           (2) The corporation shall thereafter make payments  
2 in accordance with the assignment.

3           (f) (1) Neither the state nor the corporation, its  
4 board, nor any of its officials or employees shall be liable  
5 in any manner for any assigned payments made by the  
6 corporation pursuant to this section.

7           (2) The assignor and assignee shall hold harmless  
8 and indemnify the state, the corporation, its board of  
9 directors, and its employees and agents from all claims,  
10 suits, actions, complaints, or liabilities related to the  
11 assignment.

12           (g) The assignee shall pay any costs incurred by the  
13 corporation related to the assignment.

14           (h) The assignee shall notify the corporation of its  
15 business location or personal residence and mailing address  
16 for payment purposes and of any change in location or address  
17 during the entire course of the assignment.

18           (i) A court order or a combination of court orders  
19 issued pursuant to this section may not require the  
20 corporation to divide a single prize payment among more than  
21 three different persons.

22           (j) If the Internal Revenue Service or a court of  
23 competent jurisdiction issues a determination letter, revenue  
24 ruling, or other public document declaring that the voluntary  
25 assignment of prizes will affect the federal income taxation  
26 treatment of lottery prize winners who do not assign their  
27 prizes, the following shall occur:

1           a. Within fifteen days after the corporation  
2 receives the letter, ruling, or other document, the Director  
3 of the corporation shall file a copy of it with the court  
4 having jurisdiction over the assignment proceedings; and

5           b. A court shall not issue an order authorizing a  
6 voluntary assignment under this section.

7           Section 25. Contracts for major procurements;  
8 bidding process.

9           (a) The corporation shall enter into its contracts  
10 for major procurements after a competitive solicitation  
11 process. The corporation may adopt policies and procedures  
12 pursuant to the provisions of this act providing for special  
13 procedures whereby the corporation may make any class of  
14 procurement.

15           (b) In its procurement processes, the corporation  
16 may do its own bidding and procurement or may utilize the  
17 services of the Department of Finance or other state agencies  
18 as appropriate and necessary. The director may, with approval  
19 of the board, declare an emergency for purchasing purposes  
20 which shall be governed by policies and procedures adopted by  
21 the board.

22           (c) The corporation may enter into contracts for any  
23 and all purposes that are in furtherance of this act or  
24 consistent with its purposes. The corporation shall be exempt  
25 from any competitive bid requirements in Article 2, Chapter  
26 16, Title 41, Code of Alabama 1975, and Chapter 2 of Title 39,  
27 Code of Alabama 1975, and any requirements relating to the

1 procurement of professional service providers in Section  
2 41-16-72, Code of Alabama 1975.

3 Section 26. Monies received from the sale of lottery  
4 tickets.

5 (a) (1) All monies received by the corporation from  
6 the sale of lottery tickets and all other sources shall be  
7 deposited into a corporate operating account. Such account  
8 shall be established in a custodian bank or financial  
9 institution domiciled in the State of Alabama and insured by  
10 the Federal Deposit Insurance Corporation and collateralized  
11 as prescribed by Chapter 14A, Title 41. The corporation may  
12 use all monies in the corporate operating account for the  
13 purposes of paying prizes and the necessary expenses of the  
14 corporation and depositing proceeds into the Alabama Education  
15 Lottery Trust Fund. The corporation shall estimate and  
16 allocate the amount to be paid by the corporation to  
17 prizewinners.

18 (2)a. The investment of monies in the corporate  
19 operating account, other than the amount specifically required  
20 for the purchase of securities for payment of deferred prizes,  
21 shall be invested in a manner prescribed by the board,  
22 consistent with law. Such securities purchased as investments  
23 by the corporation shall be issued in the name of the  
24 corporation and shall be kept at a custodian bank or financial  
25 institution domiciled in the State of Alabama insured by the  
26 Federal Deposit Insurance Corporation.

1                   b. These instruments may be in varying maturities  
2 and may be in book-entry form.

3                   c. For the purpose of deferred prize payments to  
4 winners, the corporation shall purchase or invest in only  
5 those securities prescribed by the board, consistent with law.

6                   (3) Within twenty days following the close of each  
7 calendar month, the corporation shall deposit into the Alabama  
8 Education Lottery Trust Fund in the State Treasury the amount  
9 of net proceeds.

10                  (b) The apportionment of the total gross revenues  
11 from the sale of lottery tickets or shares and from all other  
12 sources shall be as follows:

13                  (1) The payment of prizes to the holders of winning  
14 lottery tickets or shares which, as nearly as practical, shall  
15 be at least fifty percent of the total gross revenues from the  
16 sale of lottery tickets.

17                  (2) The payment of reasonable costs incurred in the  
18 operation and administration of the lottery, including the  
19 expenses of the corporation and the costs resulting from any  
20 contract or contracts entered into for promotional,  
21 advertising, or operational services or for the purchase or  
22 lease of lottery equipment and materials, which in no case  
23 shall exceed fifteen percent of the total gross revenues from  
24 the sale of lottery tickets; provided, however, that this  
25 restriction shall not apply until after the first twelve  
26 months of revenue generation.

1           (3) The corporation shall provide for compensation  
2 to lottery retailers in the form of commissions in an amount  
3 of seven percent of a retailer's gross sales of lottery  
4 tickets.

5           Section 27. Funding of corporation.

6           (a) The corporation may accept and expend such  
7 monies received from any source, including income from the  
8 corporation's operations, for effectuating its corporate  
9 purposes, including the payment of the initial expenses of  
10 administration and operation of the corporation and the  
11 lottery.

12           (b) The corporation is intended to be  
13 self-sustaining and self-funded. Monies in the State General  
14 Fund shall not be used or obligated to pay the prizes of the  
15 lottery, and no claim for the payment of an expense of the  
16 lottery or prizes of the lottery may be made against any  
17 monies other than monies credited to the corporate operating  
18 account.

19           Section 28. Selection and maintenance of statewide  
20 network of lottery retailers.

21           (a) The Legislature hereby recognizes that to  
22 conduct a successful lottery, the corporation must develop and  
23 maintain a statewide network of lottery retailers that will  
24 serve the public convenience and promote the sale of tickets,  
25 while ensuring the integrity of the lottery operations, games,  
26 and activities.

1 (b) To govern the selection of lottery retailers,  
2 the board shall adopt policies and procedures setting forth a  
3 list of objective criteria upon which the selection of lottery  
4 retailers shall be based. In developing these criteria, the  
5 board shall consider such factors as the applicant's financial  
6 responsibility, location, and security of the applicant's  
7 place of business or activity, integrity, and reputation;  
8 however, the board shall not consider political affiliation,  
9 activities or monetary contributions to political  
10 organizations or candidates for any public office. The  
11 criteria shall include, but not be limited to, the following:

12 (1) The applicant shall be current in payment of all  
13 taxes, interest, and penalties owed to any taxing political  
14 subdivision where the lottery retailer will sell lottery  
15 tickets, excluding items under formal appeal pursuant to  
16 applicable statutes.

17 (2) The applicant shall be current in filing all  
18 applicable tax returns and in payment of all taxes, interest,  
19 and penalties owed to the State of Alabama, excluding items  
20 under formal appeal pursuant to applicable statutes, as  
21 evidenced by a certificate of compliance issued by the  
22 Commissioner of Revenue pursuant to Section 40-2A-10(a), Code  
23 of Alabama 1975.

24 (3) No person shall be selected as a lottery  
25 retailer for the sale of lottery tickets who:

1           a. Has been convicted of a criminal offense related  
2 to the security or integrity of an official state lottery in  
3 this or any other jurisdiction;

4           b. Has been convicted of any illegal gambling  
5 activity, false statements, or perjury in this or any other  
6 jurisdiction, or convicted of a felony;

7           c. Has been found to have violated the provisions of  
8 this act or any policies and procedures adopted under this  
9 act, unless either ten years have passed since the violation,  
10 or the board finds the violation both minor and unintentional  
11 in nature;

12           d. Is a vendor or an employee or agent of any vendor  
13 doing business with the corporation;

14           e. Resides in the same household as an officer or  
15 board member of the corporation or as a member of the  
16 commission; or

17           f. Has made a statement of material fact to the  
18 corporation, knowing such statement to be false.

19           Section 29. Non-assignability of lottery retail  
20 contracts; certificates; retailer payments to winners.

21           (a) No lottery retailer contract awarded pursuant to  
22 this act shall be transferable or assignable. No lottery  
23 retailer shall contract with any person for lottery goods or  
24 services except with the approval of the board.

25           (b) Each lottery retailer shall be issued a  
26 certificate of authority which shall be conspicuously  
27 displayed at the place where the lottery retailer is

1 authorized to sell lottery tickets. Lottery tickets shall only  
2 be sold by the retailer at the location stated on the lottery  
3 retailer certificate.

4 (c) For the convenience of the public, all retailers  
5 may pay winners up to \$600.00 after performing validation  
6 procedures approved by the board and as appropriate to the  
7 lottery game involved.

8 Section 30. Lottery retailer letters of credit or  
9 bonds.

10 The corporation shall require each lottery retailer  
11 to post a letter of credit or a bond with the corporation  
12 using a surety acceptable to the corporation in an amount  
13 determined to be reasonable by the board considering the  
14 average lottery ticket sales of all lottery retailers for the  
15 period within which the lottery retailer is required to remit  
16 lottery funds to the corporation. This section does not apply  
17 to lottery tickets which are prepaid by the lottery retailers.  
18 The corporation may facilitate the purchase of bonds and  
19 letters of credit by establishing lottery retailer pools for  
20 the purchase of bonds and letters of credit for lottery  
21 retailers.

22 Section 31. Cancellation, denial, revocation,  
23 suspension, renewal rejection or termination of contract with  
24 lottery retailer.

25 (a) Any contract executed by the corporation with a  
26 lottery retailer pursuant to this section shall specify the  
27 reasons for which any contract may be cancelled, denied,



1       revoked, suspended, nonrenewed, or terminated by the  
2       corporation, which reasons may include, but not be limited to:

3               (1) Commission of a violation of this act or  
4       policies and procedures adopted pursuant to this act;

5               (2) Failure to accurately account for lottery  
6       tickets, revenues, or prizes as required by the corporation;

7               (3) Commission of any fraud, deceit or  
8       misrepresentation;

9               (4) Insufficient sale of tickets;

10              (5) Conduct prejudicial to public confidence in the  
11       lottery;

12              (6) The lottery retailer filing for or being placed  
13       in bankruptcy or receivership;

14              (7) Any material change in any matter considered by  
15       the corporation in executing the contract with the lottery  
16       retailer; or

17              (8) Failure to meet any of the objective criteria  
18       established by the board pursuant to this act.

19              (b) If, in the discretion of the director,  
20       cancellation, denial, revocation, suspension, nonrenewal, or  
21       termination of a lottery retailer contract is in the best  
22       interest of the lottery, the public welfare, or the State of  
23       Alabama, the director may cancel, deny, revoke, suspend,  
24       nonrenewal, or terminate, after notice and a hearing before an  
25       employee of the corporation, any contract issued pursuant to  
26       this act. Such contract may, however, be temporarily suspended  
27       by the director without prior notice, pending any prosecution,

1 hearing, or investigation, whether by a third party or by the  
2 director. A contract may be cancelled, denied, revoked,  
3 suspended, nonrenewed, or terminated by the director for any  
4 one or more of the reasons enumerated in this section.

5 Section 32. Treatment of lottery proceeds by lottery  
6 retailers; insolvency.

7 (a) (1) All proceeds from the sale of lottery tickets  
8 received by a lottery retailer shall constitute a trust fund  
9 until paid to the corporation either directly or through the  
10 corporation's authorized collection representative. A lottery  
11 retailer shall have a fiduciary duty to preserve and account  
12 for lottery proceeds, and lottery retailers shall be  
13 personally liable for all proceeds. Proceeds shall include  
14 unsold lottery tickets received by a lottery retailer, and  
15 cash proceeds of the sale of any lottery products, net of  
16 allowable sales commissions and credit for lottery prizes to  
17 winners by lottery retailers. Sales proceeds and unused  
18 lottery tickets shall be delivered to the corporation or its  
19 authorized collection representative upon demand.

20 (2) The corporation shall adopt policies and  
21 procedures requiring lottery retailers to place all lottery  
22 proceeds due the corporation in accounts in institutions  
23 insured by the Federal Deposit Insurance Corporation not later  
24 than the close of the next banking day after the date of their  
25 collection by the lottery retailer, until the date they are  
26 paid over to the corporation. Each lottery retailer shall  
27 establish a separate bank account for lottery proceeds which

1 shall be kept separate and apart from all other funds and  
2 assets and shall not be commingled with any other funds or  
3 assets.

4 (b) Whenever any lottery retailer becomes insolvent,  
5 or dies insolvent, the proceeds due the corporation from such  
6 person, or his or her estate, shall have preference over all  
7 debts or demands.

8 Section 33. Disbursement of lottery tickets.

9 (a) No person shall sell a ticket at a price other  
10 than established by the corporation, unless authorized in  
11 writing by the director. No person other than a duly certified  
12 lottery retailer shall sell lottery tickets, but this shall  
13 not be construed to prevent a person who may lawfully purchase  
14 tickets from making a gift of lottery tickets to another.  
15 Nothing in this act shall be construed to prohibit the  
16 corporation from designating certain of its agents and  
17 employees to sell lottery tickets directly to the public.

18 (b) Lottery tickets may be given by merchants as a  
19 means of promoting goods or services to customers or  
20 prospective customers subject to approval by the board.

21 (c) No lottery retailer shall sell a ticket except  
22 from the locations listed in the contract.

23 (d) No lottery tickets shall be sold at State of  
24 Alabama rest areas.

25 Section 34. Requirement that lottery retailer post  
26 signs providing toll-free telephone number for compulsive or  
27 problem gambling organization.

1           The corporation shall require lottery retailers to  
2 post one or more signs at each point of entry into areas where  
3 lottery tickets are sold to inform patrons of a toll-free  
4 telephone number of any state or national organization that  
5 provides information and referral services regarding  
6 compulsive or problem gambling. Failure by the retailer to  
7 post and maintain such a sign or signs shall be cause for the  
8 cancellation, denial, revocation, suspension, nonrenewal, or  
9 termination of the lottery retailer's contract.

10           Section 35. Procurement of goods or services by  
11 corporation; lottery system vendor bid requirements;  
12 prohibited contracts; vendor performance bonds or letters of  
13 credit; provision for payment of liquidated damages upon  
14 breach of contract; vendor qualifications.

15           (a) The corporation may purchase, lease, or  
16 lease-purchase such goods or services as are necessary for  
17 effectuating the purposes of this act. The corporation shall  
18 not contract with any person or entity for the total operation  
19 and administration of the lottery, but it may make  
20 procurements which integrate such functions as lottery game  
21 design, lottery ticket distribution to retailers, supply of  
22 goods and services, and advertising. In all procurement  
23 decisions, the corporation shall take into account the  
24 particularly sensitive nature of the lottery and shall act to  
25 promote and ensure security, honesty, fairness and integrity  
26 in the operation and administration of the lottery and the

1 objectives of raising net proceeds for the benefit of the  
2 public.

3 (b) The corporation shall investigate the financial  
4 responsibility, security, and integrity of any lottery system  
5 vendor who submits a bid, proposal, or offer. At the time of  
6 submitting such bid, proposal, or offer to the corporation,  
7 the corporation shall require the following items:

8 (1) A disclosure of the vendor's name and address  
9 and, as applicable, the name and address of the following:

10 a. If the vendor is a corporation, the officers,  
11 directors, and each stockholder in such corporation; however,  
12 in the case of owners of equity securities of a publicly  
13 traded corporation, only the names and addresses of those  
14 known to the corporation to own five percent (5%) or more of  
15 such securities need be disclosed.

16 b. If the vendor is a trust, the trustees and all  
17 persons entitled to receive income or benefits from the trust.

18 c. If the vendor is an association, the members,  
19 officers, and directors.

20 d. If the vendor is a partnership or joint venture,  
21 the general partners, limited partners, or joint venturers.

22 (2) A disclosure of all the states and jurisdictions  
23 in which the vendor does business, and the nature of the  
24 business for each such state or jurisdiction.

25 (3) A disclosure of all the states and jurisdictions  
26 in which the vendor has contracts to supply gambling goods or  
27 services, including, but not limited to, lottery goods and

1 services, and the nature of the goods or services involved for  
2 each such state or jurisdiction.

3 (4) A disclosure of all the states and jurisdictions  
4 in which the vendor has applied for, has sought renewal of,  
5 has received, has been denied, has pending, or has had revoked  
6 a gambling license of any kind, or had fines or penalties  
7 assessed on their license, contract, or operation, and the  
8 disposition of such, in each such state or jurisdiction. If  
9 any lottery license or contract has been revoked or has not  
10 been renewed or any lottery license or application has  
11 remained pending for more than six months, then it shall be  
12 disclosed.

13 (5) A disclosure of the details of any finding of a  
14 plea, conviction, or adjudication for guilt, in a state or  
15 federal court, of the vendor for any felony or any other  
16 criminal offense other than a traffic violation.

17 (6) A disclosure of the details of any bankruptcy,  
18 insolvency, reorganization, corporate or individual purchase  
19 or takeover of or by another corporation, including bonded  
20 indebtedness, or any pending litigation of the vendor.

21 (7) Such additional disclosures and information as  
22 the corporation may determine to be appropriate for the  
23 procurement involved. If the vendor subcontracts any  
24 substantial portion of the work to be performed under the  
25 contract to a subcontractor, the vendor shall disclose all of  
26 the information required by this subsection for the  
27 subcontractor as if the subcontractor were itself a vendor.

1           (c) In no case shall the corporation enter into a  
2 contract for a procurement of any video lottery or video  
3 lottery terminal or any other gambling device not approved by  
4 the commission, nor shall the corporation enter into a  
5 contract for a procurement for any lottery system with a  
6 vendor who has not complied with the disclosures required by  
7 the corporation and described in subsection (b), and any  
8 contract with such a vendor is void and unenforceable. Any  
9 contract with a vendor who does not comply with such  
10 requirements for periodically updating such disclosures during  
11 the tenure of a contract as may be specified in such contract  
12 is voidable and may be terminated by the corporation. The  
13 provisions of this section shall be construed broadly and  
14 liberally to achieve the ends of full disclosure of all  
15 information necessary to allow for a full and complete  
16 evaluation by the corporation of the competence, integrity,  
17 background, and character of vendors.

18           (d) A contract shall not be entered into with any  
19 vendor who has been found guilty of a felony related to the  
20 security or integrity of the lottery in this or any other  
21 jurisdiction, or with any vendor who is found to be in  
22 possession of any unlawful gambling device.

23           (e) The corporation may require that each vendor  
24 shall, at the execution of the contract with the corporation,  
25 post a performance bond or letter of credit from a bank  
26 acceptable to the corporation, in an amount established by the  
27 corporation, subject to the provisions of Section 30. In lieu

1 of the bond, a vendor may, to assure the faithful performance  
2 of its obligations, deposit and maintain with the corporation  
3 securities that are interest-bearing or accruing and that are  
4 rated in one of the three highest classifications by an  
5 established nationally recognized investment rating service.  
6 Securities eligible under this subsection are limited to:

7 (1) Certificates of deposit issued by solvent banks  
8 or savings associations approved by the corporation and which  
9 are organized and existing under the laws of this state or  
10 under the laws of the United States;

11 (2) United States bonds, notes, and bills for which  
12 the full faith and credit of the government of the United  
13 States is pledged for the payment of principal and interest;  
14 or

15 (3) Corporate bonds approved by the corporation. The  
16 corporation which issued the bonds shall not be an affiliate  
17 or subsidiary of the depositor. Such securities shall be held  
18 in trust.

19 (f) Every contract entered into by the corporation  
20 pursuant to this section shall contain a provision for payment  
21 of liquidated damages to the corporation for any breach of  
22 contract by the vendor.

23 (g) Each vendor shall be qualified to do business in  
24 this state and shall file appropriate tax returns as provided  
25 by the laws of this state.

26 Section 36. Division of security.



1 (a) The corporation shall establish a security  
2 division.

3 (b) The security division shall:

4 (1) Conduct criminal background investigations and  
5 credit investigations on all potential employees of the  
6 corporation not referred to in Section 16 or not investigated  
7 by the Alabama Law Enforcement Agency;

8 (2) Supervise ticket validation and lottery  
9 drawings;

10 (3) For just cause and subject to the terms of the  
11 vendor contract, inspect the facilities of any vendor in order  
12 to determine the integrity of the vendor's product and in  
13 order to determine whether the vendor is in compliance with  
14 its contract;

15 (4) Report any suspected violations of this act to  
16 the appropriate district attorney, or the Attorney General,  
17 and law enforcement agencies; and

18 (5) Upon request, provide assistance to any district  
19 attorney, the Attorney General, or law enforcement agency  
20 investigating a violation of this act.

21 Section 37. Prohibited sales of lottery tickets.

22 (a) (1) No lottery retailer and no agent, associate,  
23 employee, or representative of any such person, shall allow  
24 any unlawful gambling device on its premises, nor shall any  
25 lottery retailer, agent, associate, employee, or  
26 representative sell a lottery ticket to any person unless the  
27 person submits any one of the following forms of

1 identification which establishes the age of the person as  
2 nineteen years or older:

3 a. A valid and current Alabama driver's license,  
4 which contains a photograph of the person presenting the  
5 driver's license, including any digital license issued  
6 pursuant to Section 760-X-1-.22 of the Alabama Administrative  
7 Code;

8 b. A valid and current driver's license of another  
9 state, which contains a photograph of the person submitting  
10 the driver's license;

11 c. A valid and current nondriver identification card  
12 issued by the Alabama Law Enforcement Agency containing a  
13 photograph of the person submitting the identification card,  
14 including any digital license issued pursuant to Section  
15 760-X-1-.22 of the Alabama Administrative Code;

16 d. A valid and current passport or visa issued by  
17 the federal government or another country or nation that  
18 contains a permanently attached photograph of the person  
19 submitting the passport or visa; or

20 e. A valid and current military or federal  
21 identification card issued by the federal government  
22 containing a photograph of the person submitting the  
23 identification card.

24 (2) Each form of identification listed in paragraph  
25 (1) must on its face establish the age of the person as  
26 nineteen years of age or older, and there must be no reason to  
27 doubt the authenticity or correctness of the identification.

1 No form of identification mentioned in this subsection shall  
2 be accepted as proof of age if it is expired, defaced,  
3 mutilated, or altered. If the driver's license, nondriver  
4 identification card, or lawful identification submitted is a  
5 duplicate, the person shall submit additional identification  
6 which contains the name, date of birth, and photograph of the  
7 person.

8 (3) An educational institution identification card,  
9 check-cashing identification card, or employee identification  
10 card shall not be considered lawful identification for the  
11 purposes of this subsection, unless it satisfies each of the  
12 conditions set forth in paragraph (2).

13 (b) Any lottery retailer who knowingly sells a  
14 lottery ticket to a person under nineteen years of age may be  
15 disqualified as a lottery retailer.

16 Section 38. Criminal offenses relating to lottery  
17 tickets and prizes.

18 (a) (1) A lottery retailer shall not knowingly sell a  
19 lottery ticket to a person under nineteen years of age.

20 (2) A violation of subsection (1) is a Class C  
21 misdemeanor. A second or subsequent violation is a Class A  
22 misdemeanor.

23 (b) (1) It is unlawful for any person under nineteen  
24 years of age to purchase a lottery ticket.

25 (2) A violation of subsection (1) is a violation.

26 (3) Any person apprehended while violating the  
27 provisions of this subsection shall be issued a citation by

1 the apprehending law enforcement officer, which shall be paid  
2 in the same manner as provided for the offenders of local  
3 traffic violations.

4 (c) Any person, with intent to defraud, who falsely  
5 makes, alters, forges, utters, passes or counterfeits a  
6 lottery ticket shall be guilty of a Class C felony.

7 (d) Any person who influences or attempts to  
8 influence the winning of a prize through the use of coercion,  
9 fraud, deception, or tampering with lottery equipment or  
10 materials, shall be guilty of a Class C felony.

11 Section 39. Prohibited actions for current and  
12 former board members and officers of the corporation;  
13 consequences for violations; enforcement of provisions.

14 (a) The name of any individual who is a board member  
15 or an officer or employee of the corporation shall not appear  
16 upon any lottery ticket, lottery game, lottery form, or paper  
17 used in playing any lottery game.

18 (b) Violation of any provision of this section by a  
19 voting board member, officer, or employee of the corporation  
20 shall constitute cause for removal from office or dismissal  
21 from employment.

22 Section 40. Skimming of lottery proceeds;  
23 definition; penalties.

24 (a) Skimming of lottery proceeds is the intentional  
25 excluding, or the taking of any action in an attempt to  
26 exclude, of anything or its value, from the deposit, counting,

1 collection, or computation of gross revenues or net proceeds  
2 from lottery activities.

3 (b) Whoever commits the crime of skimming of lottery  
4 proceeds when the amount skimmed or to be skimmed is less than  
5 \$1,000.00, shall be guilty of a Class A misdemeanor.

6 (c) Whoever commits the crime of skimming of lottery  
7 proceeds when the amount skimmed or to be skimmed is \$1,000.00  
8 or more but less than \$10,000.00, shall be guilty of a Class C  
9 felony.

10 (d) Whoever commits the crime of skimming of lottery  
11 proceeds when the amount skimmed or to be skimmed is  
12 \$10,000.00 or more shall be guilty of a Class B felony.

13 Section 41. Unapproved or unauthorized lottery  
14 tickets and material false statements; penalties.

15 No person shall knowingly or intentionally sell,  
16 present, possess, or otherwise use any form of lottery ticket  
17 not approved or authorized by the corporation, or make a  
18 material false statement in any application for a license or  
19 proposal to conduct lottery activities, or make a material  
20 false entry in any book or record that is compiled or  
21 maintained or submitted to the corporation pursuant to the  
22 provisions of this act. Any person who violates the provisions  
23 of this section shall be guilty of a Class D felony.

24 Section 42. Unapproved or unauthorized lottery  
25 tickets; confiscation; liability for destroying device.

26 (a) All law enforcement officers of municipal police  
27 forces, sheriff's departments, and the state shall confiscate

1 and preserve all lottery tickets not approved or authorized by  
2 the corporation that come to their attention for evidence in  
3 the prosecution of those individuals in possession of same.  
4 The court may authorize the destruction of any unapproved or  
5 unauthorized lottery tickets.

6 (b) Neither the state, nor any political  
7 subdivision, agency, agent, or enforcement officer thereof  
8 shall be liable civilly or criminally for the destruction of  
9 any unapproved or unauthorized lottery tickets as authorized  
10 by court order.

11 Section 43. Compliance with Ethics Law; filing of  
12 Statement of Economic Interest.

13 All division heads and officers of the corporation  
14 are subject to Section 36-25-14 and shall be required to file  
15 a Statement of Economic Interest with the Alabama Ethics  
16 Commission.

17 Section 44. Financial integrity of lottery.

18 To ensure the financial integrity of the lottery,  
19 the corporation, through its board, shall:

20 (a) Compile and submit quarterly and annual reports  
21 and financial statements;

22 (b) Contract with an independent auditor who is a  
23 certified public accountant or accountancy firm, to conduct an  
24 annual financial audit of the books and records of the  
25 corporation, subject to the following rules:

1           (1) Such independent auditor shall have no financial  
2 interest in any vendor with whom the corporation is under  
3 contract;

4           (2) The audit shall be completed within 90 days  
5 after the close of the corporation's fiscal year; and

6           (3) Contracts may be entered into for audit services  
7 for a period not to exceed five years, and the same firm shall  
8 not receive two consecutive audit contracts.

9           (c) The costs of complying with this section shall  
10 be a reasonable operating expense of the corporation.

11           Section 45. Disposition of Alabama Education Lottery  
12 proceeds.

13           Chapter 33D is added to Title 16, Code of Alabama  
14 1975, to read as follows:

15           CHAPTER 33D. ALABAMA EDUCATION LOTTERY SCHOLARSHIP  
16 AND STUDENT LOAN REPAYMENT PROGRAMS.

17           § 16-33D-1. Definitions.

18           For the purposes of this act, the following terms  
19 shall have the following meanings unless context requires  
20 otherwise:

21           (1) ACHE. The Alabama Commission on Higher  
22 Education.

23           (2) ELIGIBLE HIGH SCHOOL. A program of secondary  
24 education that is administered by:

25           a. An Alabama public secondary school;

26           b. An Alabama nonpublic secondary school subject to  
27 the requirements of Section 16-1-11.3;

1 c. An Alabama private tutor subject to the  
2 requirements of Section 16-28-5;

3 d. An Alabama public charter school as defined in  
4 Section 16-6F-4;

5 e. A secondary school operated by the United States  
6 Department of Defense on a military base that is located in  
7 whole or in part in this state;

8 f. An out-of-state public secondary school located  
9 in a county bordering this state that residents of this state  
10 are authorized to attend; or

11 g. An out-of-state boarding school attended by a  
12 bona fide resident of this state that is accredited by (i) a  
13 regional accrediting association or (ii) a member of the  
14 National Association of Independent Schools Commission on  
15 Accreditation.

16 (3) ELIGIBLE POSTSECONDARY INSTITUTION. A  
17 state-supported institution of higher education or a private  
18 nonprofit institution of higher education that satisfies all  
19 of the following requirements:

20 a. It is located in Alabama.

21 b. It is accredited.

22 c. It is eligible to receive Title IV federal  
23 student aid program funds.

24 (4) ELIGIBLE POSTSECONDARY PROGRAM. With respect to  
25 the Alabama GRADs Two-year College Scholarship Program, a  
26 curriculum of courses leading to a certificate, diploma,  
27 and/or associate degree at an eligible postsecondary



1 institution. With respect to the Alabama GRADs Four-year  
2 College Scholarship program, a curriculum of courses leading  
3 to a bachelor's degree or the equivalent at an eligible  
4 postsecondary institution. Courses taken at a postsecondary  
5 institution prior to admission in, or that fulfill  
6 prerequisite requirements for, an eligible postsecondary  
7 program shall not be considered part of the eligible  
8 postsecondary program.

9 (5) ELIGIBLE RECIPIENT. A resident of Alabama who  
10 satisfies the requirements for one of the programs established  
11 by this act and who is found to be eligible pursuant to rules  
12 adopted by ACHE.

13 (6) FINANCIAL AID YEAR. The fall, spring, and summer  
14 semesters beginning in one calendar year and ending in the  
15 next.

16 (7) FISCAL YEAR. The fiscal year of the State of  
17 Alabama that begins on October 1 and ends on September 30.

18 (8) FULL-TIME. Enrollment in a minimum of twelve  
19 semester hours.

20 (9) GIFT AID. Scholarships and grants from any  
21 source that do not require repayment, including funds provided  
22 through the federal Pell grant program. Student loans and  
23 work-study awards shall not be considered gift aid.

24 (10) MAXIMUM FEDERAL PELL GRANT AWARD. The maximum  
25 amount a student may receive under the federal Pell Grant  
26 Program during one financial aid year.

1 (11) RESIDENT OF ALABAMA. A resident of Alabama as  
2 established by a current, valid Alabama driver's license or  
3 nondriver identification card; a current, valid Alabama  
4 vehicle registration; or a current, valid Alabama voter  
5 registration card.

6 (12) RESIDENT STUDENT. A student classified as a  
7 resident student for purposes of admission (or application for  
8 admission) to a postsecondary institution, in accordance with  
9 Chapter 64, Title 16, of the Code of Alabama.

10 (13) SEMESTER. Fall, spring, or summer semester at a  
11 postsecondary institution, if the institution is on a semester  
12 system, or the equivalent, if the institution is on a system  
13 other than a semester system.

14 § 16-33D-2. Program creation and administration.

15 (a) There is hereby created the Alabama Graduate  
16 Retention and Development ("Alabama GRADs") Two-year College  
17 Scholarship Program, the Alabama Graduate Retention and  
18 Development ("Alabama GRADs") Four-year College Scholarship  
19 Program, and the Alabama Graduate Retention and Development  
20 ("Alabama GRADs") Four-year College Student Loan Repayment  
21 Program. The programs shall be administered by ACHE.

22 (b) ACHE may adopt rules to establish deadlines for  
23 applications and appeal procedures for the denial or  
24 revocation of any scholarship or loan repayment amount awarded  
25 pursuant to this act, and to otherwise implement the programs  
26 established by this act.

1 (c) Other state agencies shall cooperate with ACHE  
2 in the administration of the programs.

3 (d) ACHE shall not distribute any award under this  
4 act until after the completion of the first full fiscal year  
5 following the first day of operation of the Alabama Education  
6 Lottery as certified by the Alabama Education Lottery  
7 Corporation.

8 § 16-33D-3. Alabama GRADs Two-year College  
9 Scholarship Program - Eligibility.

10 (a) To be initially eligible for the Alabama GRADs  
11 Two-year College Scholarship Program, a student shall satisfy  
12 each of the following requirements:

13 (1) The student shall be admitted to, and enrolled  
14 full-time in, an eligible postsecondary program within three  
15 years of any of the following:

16 a. Graduation from an eligible high school;

17 b. Obtaining a high school equivalency certificate  
18 or diploma; provided, that the student obtains the high school  
19 equivalency certificate or diploma prior to the student  
20 reaching nineteen years of age; or

21 c. Graduation from an out-of-state secondary school  
22 operated by the government of the United States, accredited by  
23 the appropriate regional accrediting association for the state  
24 in which the school is located, or accredited by an  
25 accrediting association recognized by the foreign nation in  
26 which the school is located. This paragraph shall apply only  
27 to a dependent child of a military parent.

1           (2) The student shall be the recipient of an award  
2 under the federal Pell Grant Program.

3           (3) The student shall be a citizen or lawful  
4 permanent resident of the United States.

5           (b) (1) To maintain eligibility for the Alabama GRADs  
6 Two-year College Scholarship Program, an eligible recipient  
7 shall:

8           a. continue to be admitted to, and enrolled  
9 full-time in, an eligible postsecondary program;

10           b. continue to receive an award under the federal  
11 Pell Grant Program; and

12           c. maintain a grade point average of 2.0 or above in  
13 the eligible postsecondary program.

14           (2) Notwithstanding subparagraph (1)a., an eligible  
15 recipient with a documented learning disability shall enroll  
16 each semester in the maximum number of semester hours that is  
17 established by the eligible postsecondary institution as  
18 feasible for the student to attempt with respect to his or her  
19 eligible postsecondary program.

20           (3) Notwithstanding subparagraph (1)a., an eligible  
21 recipient who does not have a documented learning disability  
22 may enroll in fewer than twelve semester hours if required by  
23 the eligible postsecondary program in which the recipient is  
24 enrolled.

25           (c) An eligible recipient who has an approved  
26 medical leave of absence from an eligible postsecondary  
27 program may continue to receive the scholarship upon resuming

1 the recipient's education at an eligible postsecondary  
2 institution so long as the recipient continues to meet all  
3 applicable eligibility requirements. The sum of all approved  
4 leaves of absence shall not exceed six months, except as  
5 provided for in rules adopted by ACHE.

6 (d) (1) An eligible recipient may continue to receive  
7 the Alabama GRADs two-year college scholarship until the  
8 occurrence of the first of the following events:

9 a. The recipient has earned a certificate, diploma,  
10 and/or associate degree in an eligible postsecondary program  
11 from a postsecondary institution; or

12 b. The recipient has attended an eligible  
13 postsecondary institution as an eligible recipient for five  
14 semesters if the institution is on a semester system, or its  
15 equivalent if the institution is on a system other than a  
16 semester system. Such semester limit shall not include an  
17 approved leave of absence.

18 (2) An eligible recipient with a documented learning  
19 disability shall be eligible for the Alabama GRADs two-year  
20 college scholarship until the occurrence of the first of the  
21 following events:

22 a. The recipient has earned a certificate, diploma  
23 and/or associate degree from a postsecondary institution in an  
24 eligible postsecondary program; or

25 b. The recipient has attended an eligible  
26 postsecondary institution as an eligible recipient for the  
27 minimum number of semesters the eligible postsecondary

1 institution establishes as feasible for the student to  
2 complete the course work for his or her eligible postsecondary  
3 program, not to exceed seven semesters, if the institution is  
4 on a semester system, or its equivalent if the institution is  
5 on a system other than a semester system. Such semester limit  
6 shall not include an approved leave of absence.

7 § 16-33D-4. Alabama GRADs Two-year College  
8 Scholarship Program - Benefit.

9 (a) An Alabama GRADs Two-year college scholarship at  
10 an eligible postsecondary institution shall be the lesser of:

11 (1) \$2,500, or

12 (2) the cost of tuition and mandatory fees at the  
13 eligible postsecondary institution attended less all other  
14 gift aid, not to exceed 90% of the cost of tuition and  
15 mandatory fees. Gift aid shall be credited first to the  
16 student's tuition and mandatory fees.

17 (b) ACHE shall pay to the appropriate eligible  
18 postsecondary institution an amount equal to the amount  
19 calculated under subsection (a) on behalf of each eligible  
20 recipient at times to be determined by ACHE.

21 § 16-33D-5. Alabama GRADs Four-year College Student  
22 Loan Repayment Program - Eligibility.

23 (a) To be eligible for the Alabama GRADs Four-year  
24 College Student Loan Repayment Program, an applicant must  
25 satisfy each of the following criteria:

1           (1) He or she must have earned a bachelor's degree  
2 or the equivalent in an eligible postsecondary program from an  
3 eligible postsecondary institution.

4           (2) He or she must have an outstanding balance of  
5 federal student loans owed in connection with obtaining the  
6 degree specified in subsection (a).

7           (3) He or she must be a resident of Alabama.

8           (4) He or she must be employed in Alabama as  
9 established under rules adopted by ACHE.

10          (5) He or she must be a citizen or lawful permanent  
11 resident of the United States.

12          (b) An applicant shall notify ACHE in writing of any  
13 change in status within 30 days after the change. Failure to  
14 notify ACHE of a change in status shall exclude the applicant  
15 from future eligibility. All of the following constitute a  
16 change in status:

17           (1) A change in name.

18           (2) A change in residence.

19           (3) A change in employment status.

20           (4) Repayment in full of any previously outstanding  
21 balance of federal student loans.

22           (5) Any other change specified by ACHE.

23          (c) An applicant shall establish his or her initial  
24 and continued eligibility in the manner, and at the times,  
25 established under rules adopted by ACHE.

26           § 16-33D-6. Alabama GRADs Four-year College Student  
27 Loan Repayment Program - Benefit.

1 (a) Annually, ACHE shall calculate the amount  
2 available for the Alabama GRADs four-year college student loan  
3 repayment benefit by dividing the total amount appropriated  
4 for the benefit by the Legislature pursuant to Section 65(i)  
5 of the Alabama Constitution of 1901, less ACHE's reasonable  
6 administrative costs (not to exceed two percent of the amount  
7 appropriated by the Legislature pursuant to Section  
8 65(i)(1)(b) of the Alabama Constitution of 1901), by the total  
9 number of eligible recipients.

10 (b)(1) Subject to paragraph (2), ACHE shall pay each  
11 eligible recipient, in each of the four years following his or  
12 her receipt of the degree specified in Section 6(a)(1), an  
13 amount equal to the amount calculated under subsection (a).

14 (2) Loan repayment awards shall be applied directly  
15 to an outstanding federal student loan balance held by the  
16 eligible recipient on a schedule determined by ACHE.

17 (3) If the award amount is larger than an eligible  
18 recipient's outstanding loan balance, the award amount shall  
19 be reduced to the amount of the loan balance.

20 (4) ACHE shall take reasonable steps to inform  
21 eligible recipients that the Alabama GRADs four-year college  
22 student loan repayment benefit constitutes income for purposes  
23 of federal and state income tax.

24 § 16-33D-7. Alabama GRADs Four-year College  
25 Scholarship Program - Eligibility.

26 (a)(1) To be initially eligible for the Alabama  
27 GRADs Four-year College Scholarship Program, a student shall



1 be admitted to, and enrolled full-time in, an eligible  
2 postsecondary program within three years of any of the  
3 following:

4 a. Graduation from an eligible high school;

5 b. Obtaining a high school equivalency certificate  
6 or diploma; provided, that the student obtains the high school  
7 equivalency certificate or diploma prior to the student  
8 reaching nineteen years of age; or

9 c. Graduation from an out-of-state secondary school  
10 operated by the government of the United States, accredited by  
11 the appropriate regional accrediting association for the state  
12 in which the school is located, or accredited by an  
13 accrediting association recognized by the foreign nation in  
14 which the school is located. This paragraph shall apply only  
15 to a dependent child of a military parent.

16 (2) The student shall also be the recipient of the  
17 maximum federal Pell Grant award.

18 (b) (1) To maintain eligibility for the Alabama GRADs  
19 Four-year College Scholarship Program, an eligible recipient  
20 shall:

21 a. continue to be admitted to, and enrolled  
22 full-time in, an eligible postsecondary program;

23 b. continue to receive the maximum federal Pell  
24 Grant award; and

25 c. maintain a grade point average of 2.0 or above in  
26 the eligible postsecondary program.

1           (2) Notwithstanding subparagraph (1)a., an eligible  
2 recipient with a documented learning disability shall enroll  
3 each semester in the maximum number of semester hours that is  
4 established by the eligible postsecondary institution as  
5 feasible for the student to attempt with respect to his or her  
6 eligible postsecondary program.

7           (3) Notwithstanding subparagraph (1)a., an eligible  
8 recipient who does not have a documented learning disability  
9 may enroll in fewer than twelve semester hours if required by  
10 the eligible postsecondary program in which the recipient is  
11 enrolled.

12           (c) An eligible recipient who has an approved  
13 medical leave of absence from an eligible postsecondary  
14 program may continue to receive the scholarship upon resuming  
15 the recipient's education at an eligible postsecondary  
16 institution so long as the recipient continues to meet all  
17 applicable eligibility requirements. The sum of all approved  
18 leaves of absence shall not exceed six months, except as  
19 provided for in rules adopted by ACHE.

20           (d) (1) An eligible recipient may continue to receive  
21 the Alabama GRADs four-year college scholarship until the  
22 occurrence of the first of the following events:

23           a. The recipient has earned a bachelor's degree or  
24 equivalent from a postsecondary institution; or

25           b. The student has attended an eligible  
26 postsecondary institution as an eligible recipient for nine  
27 semesters if the institution is on a semester system, or its

1 equivalent if the institution is on a system other than a  
2 semester system. Such semester limit shall not include an  
3 approved leave of absence.

4 (2) A student with a documented learning disability  
5 shall be eligible for the Alabama GRADs four-year college  
6 scholarship until the occurrence of the first of the following  
7 events:

8 a. The recipient has earned a bachelor's degree or  
9 equivalent from a postsecondary institution; or

10 b. The recipient has attended an eligible  
11 postsecondary institution as an eligible recipient for the  
12 minimum number of semesters the eligible postsecondary  
13 institution establishes as feasible for the student to  
14 complete the course work for his or her eligible postsecondary  
15 program, not to exceed eleven semesters, if the institution is  
16 on a semester system, or its equivalent if the institution is  
17 on a system other than a semester system. Such semester limit  
18 shall not include an approved leave of absence.

19 § 16-33D-8. Alabama GRADs Four-year College  
20 Scholarship Program - Benefit.

21 (a) An Alabama GRADs four-year college scholarship  
22 shall be equal to the amount appropriated for the scholarship  
23 by the Legislature pursuant to Section 65(i) of the Alabama  
24 Constitution of 1901, less ACHE's reasonable administrative  
25 costs (not to exceed two percent of the amount appropriated by  
26 the Legislature pursuant to Section 65(i)(1)(b) of the Alabama

1 Constitution of 1901), divided by the total number of eligible  
2 recipients.

3 (b) ACHE shall pay to the appropriate eligible  
4 postsecondary institution an amount equal to the amount  
5 calculated under subsection (a) on behalf of each eligible  
6 recipient at times to be determined by ACHE.

7 § 16-33D-9. Reporting.

8 ACHE shall research and analyze data concerning the  
9 programs created under this act, including, but not limited  
10 to, student success and scholarship retention. ACHE shall  
11 report its findings annually by March 15 to the Governor, the  
12 Lieutenant Governor, the Speaker of the House of  
13 Representatives, the President Pro Tempore of the Senate, the  
14 Chair of the House Ways and Means Education Committee, the  
15 Chair of the Senate Finance and Taxation Education Committee,  
16 the Chair of the House Education Policy Committee, and the  
17 Chair of the Senate Education Policy Committee.

18 Section 46. Amendment 621 statement.

19 Although this bill would have as its purpose or  
20 effect the requirement of a new or increased expenditure of  
21 local funds, the bill is excluded from further requirements  
22 and application under Amendment 621, as amended by Amendment  
23 890, now appearing as Section 111.05 of the Official  
24 Recompile of the Constitution of Alabama of 1901, as  
25 amended, because the bill defines a new crime or amends the  
26 definition of an existing crime.

1                   Section 47. This act shall become effective  
2 immediately upon its passage and approval by the Governor, or  
3 upon its otherwise becoming law, contingent upon the  
4 ratification of the constitutional amendment proposed by SB319  
5 of the 2021 Regular Session.