

1 SB28  
2 125660-2  
3 By Senators Brooks and Ward (Constitutional Amendment)  
4 RFD: Banking and Insurance  
5 First Read: 01-MAR-11  
6 PFD: 02/09/2011

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8 SYNOPSIS: Under the Constitution of Alabama of 1901,  
9 Article XIII relates to banks and banking. This  
10 bill would propose an amendment to the Constitution  
11 which would rewrite one section of Article XIII as  
12 generally described herein and would repeal certain  
13 other sections.

14 This bill would subdivide Section 247 of the  
15 Constitution of Alabama of 1901, now appearing as  
16 Section 247 of the Official ReCompilation of the  
17 Constitution of Alabama of 1901, as amended, into  
18 four subsections and amend the section by adding  
19 language prohibiting any bank from being  
20 established except by a general banking law as well  
21 as inserting language formerly in Section 251,  
22 Section 253, and Section 254 of the Constitution of  
23 Alabama of 1901, now appearing as Sections 251,  
24 253, and 254 of the Official ReCompilation of the  
25 Constitution of Alabama of 1901, as amended,  
26 regarding unlimited duration, political

1 subdivisions may not be stockholders or lend  
2 credit, and bank examination requirements.

3 This bill would repeal the following  
4 Sections of Article XIII of the Constitution of  
5 Alabama of 1901; Section 248 of the Constitution of  
6 Alabama of 1901, now appearing as Section 248 of  
7 the Official Recompilation of the Constitution of  
8 Alabama of 1901, as amended, relating to banking  
9 laws being general, specie basis, and the authority  
10 to issue bills to circulate as money; Section 249  
11 of the Constitution of Alabama of 1901, now  
12 appearing as Section 249 of the Official  
13 Recompilation of the Constitution of Alabama of  
14 1901, as amended, relating to bills or notes issued  
15 as money redeemable in gold or silver and  
16 specifying laws may not sanction suspension of the  
17 specie payments; Section 251, as amended by  
18 Constitutional Amendment 51 of the Constitution of  
19 Alabama of 1901, now appearing as Section 251 of  
20 the Official Recompilation of the Constitution of  
21 Alabama of 1901, as amended, relating to  
22 termination of business; Section 252 of the  
23 Constitution of Alabama of 1901, now appearing as  
24 Section 252 of the Official Recompilation of the  
25 Constitution of Alabama of 1901, as amended,  
26 relating to maximum rate of interest; Section 253  
27 of the Constitution of Alabama of 1901, now

1 appearing as Section 253 of the Official  
2 Recompilation of the Constitution of Alabama of  
3 1901, as amended, relating to state and political  
4 subdivisions not to be stockholders in banks or  
5 lend credit thereto; and Section 254 of the  
6 Constitution of Alabama of 1901, now appearing as  
7 Section 254 of the Official Recompilation of the  
8 Constitution of Alabama of 1901, as amended,  
9 relating to examinations of banks by public  
10 officers and semiannual reports by banks. Section  
11 250 of Article XIII was repealed by Constitutional  
12 Amendment 5.

13 Section 255, relating to the applicability  
14 of the article, would not be changed. Section  
15 255.01, relating to nonresidents making mortgage  
16 loans through licensed mortgage loan brokers, would  
17 not be changed.

18  
19 A BILL

20 TO BE ENTITLED

21 AN ACT

22  
23 Proposing an amendment to the Constitution of  
24 Alabama of 1901, to amend Section 247 now appearing as Section  
25 247 of the Official Recompilation of the Constitution of  
26 Alabama of 1901, as amended, relating to the general power of  
27 the Legislature regarding banks and banking to include in that

1 section existing provisions concerning unlimited duration,  
2 political subdivisions may not be stockholders or lend credit,  
3 and bank examination requirements; and to repeal the following  
4 Sections of Article XIII, relating to banks and banking:  
5 Section 248 of the Constitution of Alabama of 1901, now  
6 appearing as Section 248 of the Official Recompilation of the  
7 Constitution of Alabama of 1901, as amended; Section 249 of  
8 the Constitution of Alabama of 1901, now appearing as Section  
9 249 of the Official Recompilation of the Constitution of  
10 Alabama of 1901, as amended; Section 251 of the Constitution  
11 of Alabama of 1901, as amended by Constitutional Amendment 51,  
12 now appearing as Section 251 of the Official Recompilation of  
13 the Constitution of Alabama of 1901, as amended; Section 252  
14 of the Constitution of Alabama of 1901, now appearing as  
15 Section 252 of the Official Recompilation of the Constitution  
16 of Alabama of 1901, as amended, relating to maximum rate of  
17 interest; Section 253 of the Constitution of Alabama of 1901,  
18 now appearing as Section 253 of the Official Recompilation of  
19 the Constitution of Alabama of 1901, as amended, relating to  
20 state and political subdivisions not to be stockholders in  
21 banks or lend credit thereto; and Section 254 of the  
22 Constitution of Alabama of 1901, now appearing as Section 254  
23 of the Official Recompilation of the Constitution of Alabama  
24 of 1901, as amended, relating to examinations of banks by  
25 public officers and semiannual reports by banks.

26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1           Section 1. The following amendment to the  
2 Constitution of Alabama of 1901, as amended, is proposed and  
3 shall become valid as a part thereof when approved by a  
4 majority of the qualified electors voting thereon and in  
5 accordance with Sections 284, 285, and 287 of the Constitution  
6 of Alabama of 1901, now appearing as Sections 284, 285, and  
7 287 of the Official Recompilation of the Constitution of  
8 Alabama of 1901, as amended:

9                                 PROPOSED AMENDMENT

10           1. Section 247 of the Constitution of Alabama of  
11 1901, is amended to read as follows:

12           "Section 247. Authority of Legislature ~~Restricted~~.

13           "(a) The Legislature shall not have the power to  
14 establish or incorporate any bank or banking company or  
15 moneyed institution for the purpose of issuing bills of credit  
16 or bills payable to order or bearer, except under the  
17 conditions prescribed in this Constitution. No bank shall be  
18 established otherwise than under a general banking law.

19           "(b) There shall be no limit of time for the  
20 duration of a corporation organized as a bank or banking  
21 company, and it shall not be necessary to renew or extend the  
22 life or charter of any such corporation now existing. All  
23 extensions of the life or charter of any such corporations are  
24 ratified and confirmed.

25           "(c) Neither the state, nor any political  
26 subdivision thereof, shall be a stockholder in any bank, nor  
27 shall the credit of the state or any political subdivision

1 thereof be given or lent to any banking company, banking  
2 association, or banking corporation.

3 "(d) The Legislature, by appropriate laws, shall  
4 provide for the examination, by some public officer, of all  
5 banks and banking institutions and trust companies engaged in  
6 banking business in this state; and each of such banks and  
7 banking companies or institutions, through its president, or  
8 such other officer as the Legislature may designate, shall  
9 make a report under oath of its resources and liabilities at  
10 least twice a year."

11 2. The following sections of Article XIII of the  
12 Constitution of Alabama of 1901, relating to banks and  
13 banking, are repealed: Section 248, relating to banking laws  
14 being general, specie basis, and the authority to issue bills  
15 to circulate as money; Section 249, relating to bills or notes  
16 issued as money redeemable in gold or silver and specifying  
17 laws may not sanction suspension of the specie payments;  
18 Section 251, as amended by Constitutional Amendment 51,  
19 relating to termination of business; Section 252, relating to  
20 maximum rate of interest; Section 253, relating to state and  
21 political subdivisions not to be stockholders in banks or lend  
22 credit thereto; and Section 254, relating to examinations of  
23 banks by public officers and semiannual reports by banks.

24 END OF PROPOSED AMENDMENT

25 Section 2. An election upon the proposed amendment  
26 shall be held in accordance with Sections 284 and 285 of the  
27 Constitution of Alabama of 1901, now appearing as Sections 284

1 and 285 of the Official Recompilation of the Constitution of  
2 Alabama of 1901, as amended, and the election laws of this  
3 state.

4 Section 3. The appropriate election official shall  
5 assign a ballot number for the proposed constitutional  
6 amendment on the election ballot and shall set forth the  
7 following description of the substance or subject matter of  
8 the proposed constitutional amendment:

9 "Proposing an amendment to the Constitution of  
10 Alabama of 1901, to amend Section 247 relating to the  
11 authority of the Legislature concerning banks and banking and  
12 to repeal various other provisions of Article XIII concerning  
13 banks and banking.

14 "Proposed by Act \_\_\_\_\_."

15 This description shall be followed by the following  
16 language:

17 "Yes ( ) No ( )."