

1 SB418  
2 159309-1  
3 By Senator Glover  
4 RFD: Finance and Taxation Education  
5 First Read: 27-FEB-14

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8 SYNOPSIS: This bill would provide further for the  
9 participation of the state in reciprocity  
10 agreements whereby colleges and universities of  
11 member states are allowed to operate, without  
12 additional state approval or authorization, in  
13 other member states.

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15 A BILL  
16 TO BE ENTITLED  
17 AN ACT

18  
19 To amend Sections 10A-1-7.02 and 16-46-3, Code of  
20 Alabama 1975, relating to foreign nonprofit entities offering  
21 online programs of instruction; to provide further for the  
22 participation of the state in reciprocity agreements whereby  
23 colleges and universities of member states are allowed to  
24 operate, without additional state approval or authorization,  
25 in other member states.

26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1           Section 1. Sections 10A-1-7.02 and 16-46-3 of the  
2 Code of Alabama 1975, are amended to read as follows:

3           "§10A-1-7.02.

4           "(a) A foreign entity not described by Section  
5 10A-1-7.01(a) may transact business in this state without  
6 registering under this chapter.

7           "(b) Subsection (a) does not relieve a foreign  
8 entity from the duty to comply with applicable requirements  
9 under other law to file or register.

10           "(c) A foreign entity is not required to register  
11 under this chapter if other law of this state or of federal  
12 law authorizes the entity to transact the particular business  
13 authorized by law in this state.

14           "(d) A foreign unincorporated nonprofit association  
15 is not required to register under this chapter.

16           "(e) A foreign entity which is exempt from the  
17 requirements of Chapter 46, Title 16, is not required to  
18 register under this chapter.

19           "§16-46-3.

20           "(a) This chapter shall not apply to any of the  
21 following schools nor to any person in regard to the operation  
22 of such schools, except for the conditions stated in this  
23 section:

24           "(1) Schools operated on a nonprofit basis offering  
25 only courses or programs of study which do not lead to an  
26 associate or baccalaureate degree and are limited in nature to

1 the performance of or preparation for the ministry of any  
2 established church, denomination, or religion.

3 "(2) Courses conducted by employers exclusively for  
4 their employees and courses conducted by labor unions  
5 exclusively for their members.

6 "(3) Schools offering instruction in grades K-12,  
7 including the kindergarten, elementary, or secondary level and  
8 operated by a parochial, denominational, or religious  
9 organization, and/or as a ministry of a local church or group  
10 of churches on a nonprofit basis.

11 "(4) Schools offering instruction in grades K-12,  
12 including the kindergarten, elementary, or secondary level,  
13 and operated by a community, educational organization, or  
14 group of parents, organized as a nonprofit educational  
15 corporation with the expectation of establishing a more  
16 favorable environment for those in attendance.

17 "(5) Schools, colleges, and universities principally  
18 operated and supported by the State of Alabama or its  
19 political subdivisions.

20 "(6) Seminars and short courses sponsored or offered  
21 by professional business, trade, or religious organizations  
22 primarily for benefit of members thereof, or similar public  
23 programs of training where the majority of the students have  
24 at least half of their tuition and enrollment fees paid by  
25 their employers, provided that evidence is supplied supporting  
26 this exemption continuously over the preceding five years.

1           "(7) Any private school conducting resident courses  
2 whose principal base of operation is within the State of  
3 Alabama which has been in continuous operation for 20 years or  
4 more as of July 1, 2004, and that held accreditation as of  
5 that date by an accrediting agency recognized by the United  
6 States Department of Education.

7           "(8) Programs of study regulated by other state  
8 public boards, commissions, or agencies requiring school  
9 licensure or performance bonding, or both, except where the  
10 appropriate regulatory agency requires a license under this  
11 chapter.

12           "(9) Any private postsecondary institution  
13 conducting resident courses that has been in operation within  
14 Alabama for at least five years as of July 1, 2004, and that  
15 is accredited by an accrediting agency recognized by the  
16 United States Department of Education shall be accorded the  
17 following provisions: Upon proof of such accreditation, such  
18 schools shall be issued a license and representative permits  
19 after required fees are paid to the Alabama Department of  
20 Postsecondary Education. The requisite accreditation shall  
21 satisfy the minimum standards of this chapter.

22           "(10) Any out of state nonprofit entity that offers  
23 online programs of instruction, is approved by a regional  
24 accreditation authority, and is located in a state  
25 participating in a regional authorization reciprocity  
26 agreement approved by the Governor.

1           "(b) Any private school exempted in this section  
2 shall retain the exempted status as long as the conditions of  
3 exemption remain valid. An accredited private school or  
4 program of study not elsewhere exempted whose accreditation is  
5 withdrawn, suspended, or revoked shall forfeit its exemption  
6 status until the grant of accreditation is restored. Due  
7 process of the accrediting agency shall be allowed prior to  
8 withdrawal of an exemption. Schools having accreditation  
9 withheld as a result of transfer of ownership shall be allowed  
10 a period of time to regain the grant in accordance with the  
11 appropriate accrediting agency regulations.

12           "(c) An exemption pursuant to this section shall not  
13 be construed to constitute approval or endorsement by the  
14 State of Alabama for any purpose.

15           "(d) Exempted private schools may voluntarily  
16 request to be licensed without surety as described in Sections  
17 16-46-5 and 16-46-6.

18           "(e) Private schools which cease operations shall  
19 place the student academic, attendance, and financial aid  
20 records in the office of the appropriate school administrator  
21 where a repository shall exist to safeguard and to make  
22 available these records to authorized persons upon request as  
23 follows:

24           "(1) Schools which merge, consolidate, or undergo  
25 change of ownership shall deposit with the continuing school.

26           "(2) Schools which are a part of a system,  
27 organization, franchise, or a ministry of a local church or a

1 group of churches shall deposit with the administrative office  
2 thereof if such is to remain in operation.

3 "(3) Elementary and secondary schools without system  
4 support shall deposit with the superintendent of the public  
5 county or city within whose district the school is located.

6 "(4) Postsecondary, higher, and others not elsewhere  
7 designated shall deposit with the Alabama Department of  
8 Postsecondary Education."

9 Section 2. This act shall become effective on the  
10 first day of the third month following its passage and  
11 approval by the Governor, or its otherwise becoming law.