



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

SYNOPSIS:

Under Section 65 of the Constitution of Alabama of 2022, lotteries and gift enterprises are prohibited.

This bill would propose an amendment to the Constitution of Alabama of 2022, to establish an official state lottery to be administered by a newly created Alabama Gambling Commission.

The proposed amendment would authorize pari-mutuel wagering, including wagering on historical racing computerized machines at the racetracks in Greene, Jefferson, Macon, and Mobile Counties, at an additional location in Greene County, and at the existing bingo halls in Houston County and the Town of White Hall in Lowndes County.

The proposed amendment would levy a tax of between 24 and 32 percent on identified facilities conducting pari-mutuel wagering activities as provided by general law.

The proposed amendment would require the Legislature to establish a law enforcement division within the Alabama Gambling Commission to police lottery games and other gambling activities and eliminate unlawful gambling activities.

The proposed amendment would require the Governor to negotiate a compact with the Poarch Band of



29 Creek Indians.

30 The proposed amendment would repeal all local
31 bingo amendments and prohibit the enactment of any
32 future local amendment to the Constitution of Alabama
33 of 2022, providing for gambling activities.

34 The proposed amendment would also authorize the
35 Legislature to provide any court jurisdiction to hear
36 matters involving the Alabama Gambling Commission.

37

38

39 A BILL

40 TO BE ENTITLED

41 AN ACT

42

43 Relating to lotteries and gift enterprises; to propose
44 an amendment to the Constitution of Alabama of 2022, to repeal
45 and reenact Section 65 of the Constitution of Alabama of 2022,
46 to establish an official state lottery and to authorize
47 pari-mutuel wagering activities in certain specified
48 jurisdictions and to establish the Alabama Gambling Commission
49 to operate the lottery and license and regulate such
50 activities; to add Section 65.01 to the Constitution of
51 Alabama of 2022, to provide for the distribution of lottery
52 and gambling revenues through independent supplemental
53 appropriations; to add Section 65.02 to the Constitution of
54 Alabama of 2022, to provide a tax on pari-mutuel wagering
55 activities; to add Section 65.03 to the Constitution of
56 Alabama of 2022, to provide for the establishment of a law



57 enforcement division within the Alabama Gambling Commission to
58 police lottery games and other gambling activities and
59 eliminate unlawful gambling activities; to add Section 65.04
60 to the Constitution of Alabama of 2022, to require the
61 Governor to negotiate a compact with the Poarch Band of Creek
62 Indians; to add Section 65.05 to the Constitution of Alabama
63 of 2022, to prohibit certain local amendments to the
64 Constitution of Alabama of 2022, which relate to lotteries,
65 gift enterprises, casino-style games, sports wagering,
66 raffles, or bingo; to add Section 65.06 to the Constitution of
67 Alabama of 2022, to provide for the authority of the
68 Legislature to grant jurisdiction to a court to hear matters
69 concerning the Alabama Gambling Commission; and to repeal the
70 following local provisions to the Constitution of Alabama of
71 2022 relating to bingo: Section 8-7.00, relating to Calhoun
72 County; Section 20-7.00, relating to Covington County; Section
73 28-7.00, relating to Etowah County; Section 32-7.00, relating
74 to Greene County; Section 35-7.00, relating to Houston County;
75 Section 37-7.00, relating to Jefferson County; Section
76 42-7.00, relating to Limestone County; Sections 43A-2.00 and
77 43A-2.01, relating to the Town of White Hall in Lowndes
78 County; Section 44-7.00, relating to Macon County; Section
79 45-7.00, relating to Madison County; Section 49-7.00, relating
80 to Mobile County; Section 51-7.00, relating to Montgomery
81 County; Section 52-7.00, relating to Morgan County; Section
82 57-7.00, relating to Russell County; Section 59-7.00, relating
83 to St. Clair County; Section 64-7.00, relating to Walker
84 County; and Section 64A-2.01, relating to the City of Jasper



85 in Walker County.

86 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

87 Section 1. The following amendment to the Constitution
88 of Alabama of 2022, is proposed:

89 PROPOSED AMENDMENT

90 Part 1. Section 65 of the Constitution of Alabama of
91 2022, is repealed and in lieu thereof the following language
92 shall be adopted as Section 65:

93 Section 65

94 (a) Except as expressly provided in this constitution,
95 the Legislature shall have no power to authorize any form of
96 gambling activity for any purpose and shall pass laws to
97 prohibit and effectively eradicate any unlawful gambling
98 activity and unlawful gambling-related activity.

99 (b) The Legislature, by general law, may authorize and
100 provide for the following gambling activities:

101 (1) An official state lottery to be administered by a
102 gambling commission, consisting of draw-based or instant win
103 lottery games, using only tickets made of cardboard, paper,
104 plastic, or some functionally similar material unless
105 otherwise required to participate in a multi-jurisdiction
106 lottery.

107 (2) Pari-mutuel wagering activities, including
108 pari-mutuel wagering on horse races, dog races, and historical
109 racing computerized machines, only at the following locations
110 and as further provided by general law: (i) At each of the
111 racetracks in Greene, Jefferson, Macon, and Mobile Counties
112 which are in existence on February 6, 2024; (ii) at one



113 additional location in Greene County which is a bingo hall in
114 existence on February 6, 2024; (iii) at one location in
115 Houston County which is a bingo hall in existence on February
116 6, 2024; and (iv) at one location in the Town of White Hall in
117 Lowndes County which is a bingo hall in existence on February
118 6, 2024. For purposes of this amendment, pari-mutuel wagering
119 includes historical racing computerized machines on historical
120 dog or horse races which may be operated without regard to any
121 of the following: (i) The type of graphics on the machine used
122 to conduct the activity; (ii) whether the patron chooses a
123 specific dog or horse upon which to wager; or (iii) whether
124 the patron watches all or part of the historical race.

125 (3) Traditional raffles only if permitted by the
126 commission and conducted for noncommercial or charitable
127 purposes as provided by general law.

128 (4) Traditional bingo, using only cardboard, paper,
129 plastic, or some functionally similar material, only if
130 permitted by the commission and conducted for noncommercial or
131 charitable purposes as provided by general law.

132 (c) There is created the Alabama Gambling Commission to
133 administer the lottery and regulate and license all activities
134 authorized by this amendment. The Legislature, by general law,
135 shall provide for the membership, powers, and duties of the
136 commission.

137 Part 2. Sections 65.01, 65.02, 65.03, 65.04, 65.05, and
138 65.06 are added to the Constitution of Alabama of 2022, to
139 read as follows:

140 Section 65.01



141 (a) All proceeds from the sale of lottery tickets, tax
142 revenue generated under Section 65.02, and all other sources
143 of revenue of the Alabama Gambling Commission shall be
144 deposited into accounts insured by the Federal Deposit
145 Insurance Corporation. The Alabama Gambling Commission may
146 retain a portion of the proceeds for the conduct of lottery
147 games and payment of all prizes without any appropriation
148 required by law.

149 (b) There is established in the State Treasury the
150 Gambling Proceeds Fund. The Alabama Gambling Commission shall
151 deposit all remaining net lottery proceeds and taxes collected
152 under Section 65.02 into the fund. Operating expenses of the
153 commission shall be paid from the fund and budgeted and
154 allotted pursuant to the Budget Management Act. As part of its
155 reasonable operating expenses, the commission shall pay back
156 to the State General Fund the cost of the special election
157 held to ratify this amendment from the first revenues of the
158 commission. The remaining funds shall be appropriated as
159 provided under subsection (c).

160 (c) (1) All proceeds generated for deposit into the
161 Gambling Proceeds Fund through March 30, 2029, shall be
162 appropriated by the Legislature through an independent
163 supplemental appropriation in the same manner as the annual
164 State General Fund appropriation bill for ongoing capital
165 improvement and infrastructure projects in existence as of the
166 ratification date of this amendment.

167 (2) Thereafter, on an annual basis, the Legislature, by
168 and through independent supplemental appropriations, shall



169 expend one percent of the funds on programs and services to
170 treat problem gambling, gambling addictions, and other social
171 ills associated with gambling; and shall expend the remaining
172 funds as follows:

173 (1) One-third to fund education-related activities.

174 (2) One-third to fund non-education, general
175 governmental activities.

176 (3) One-third to the State Department of Transportation
177 to be used for transportation infrastructure improvement,
178 preservation, and maintenance projects, including, but not
179 limited to, farm-to-market roads, city streets, county roads,
180 and federal and state highway projects. The department may not
181 use the funds received under this subdivision for any of the
182 following purposes:

183 a. Salaries, benefits, or any form of compensation for
184 state or contract employees except as included as direct
185 project costs and subject to audit by the Examiners of Public
186 Accounts.

187 b. The purchase, lease, or maintenance of equipment,
188 other than equipment purchased and permanently installed as
189 part of a road or bridge project.

190 c. The maintenance or construction of public buildings
191 or other structures that are not integral to the system of
192 roads and bridges.

193 Section 65.02

194 (a) A tax on the net gambling revenues of an entity
195 conducting pari-mutuel wagering activities under Section 65
196 shall be collected by the Department of Revenue. The tax shall



197 be at a rate of between 24 and 32 percent of the net gambling
198 revenues, to be set by the Alabama Gambling Commission based
199 on factors established by general law.

200 (b) The Department of Revenue shall distribute the tax
201 proceeds as follows:

202 (1) Ninety-four percent to the Gambling Proceeds Fund
203 under Section 65.01.

204 (2) Three percent divided equally among each county
205 where the pari-mutuel wagering activity is conducted.

206 (3) Three percent divided equally among each
207 municipality where the pari-mutuel wagering activity is
208 conducted either in the corporate limits or police
209 jurisdiction of the municipality; provided, if the activity is
210 conducted wholly outside the police jurisdiction of any
211 municipality in a county described under subdivision (2), the
212 county shall receive the revenues generated as provided under
213 this subdivision.

214 (c) (1) The tax levied under this section shall be in
215 lieu of any state or local tax on pari-mutuel wagering
216 activities.

217 (2) The tax levied under this section shall be in
218 addition to any other non-gambling state or local taxes
219 provided for by general or local law, including any state
220 lodging, sales, alcohol, or tobacco tax.

221 (d) As used in this section, "net gambling revenues"
222 means the total amount of money or value in any form received
223 as a result of any pari-mutuel wagering activity, excluding
224 free bets, free plays, and promotional credits, less federal



225 excise taxes, voided wagers, and the total money or value in
226 any form paid as prizes or winnings, including the cash
227 equivalent of any merchandise or thing of value awarded as a
228 prize.

229 (e) In lieu of any state income tax owed on the
230 winnings from any gambling activity authorized by this
231 constitution, a withholdings tax of seven percent on any such
232 winnings that exceed five hundred dollars (\$500) shall be
233 withheld and paid to the state by the commission, a lottery
234 retail licensee, or pari-mutuel wagering licensee, as
235 applicable. All tax proceeds collected under this subsection
236 shall be credited to the Gambling Proceeds Fund in a separate
237 sub-account.

238 Section 65.03

239 The Legislature, by general law, shall establish within
240 the Alabama Gambling Commission a law enforcement division to
241 police the conduct of all gambling activities within the state
242 and to effectively eliminate any unlawful gambling or unlawful
243 gambling-related activity in this state.

244 Section 65.04

245 (a) The Governor shall negotiate and may execute a
246 Tribal-State compact with the Poarch Band of Creek Indians, as
247 contemplated under the Indian Gaming Regulatory Act, 25 U.S.C.
248 § 2701, et seq., to provide for any and all activities
249 allowable under that act; provided, the Governor may not grant
250 authority for any activity to be conducted outside of lands
251 held in trust by the United States for the benefit of the
252 Poarch Band of Creek Indians.



253 (b) Following execution of the compact, the Governor
254 shall file the compact with the Secretary of State and the
255 commission. The Secretary of State shall forward an executed
256 copy of the compact to the Secretary of the Interior for
257 review and approval in accordance with, and to the extent
258 required by, federal law.

259 (c) The state's immunity to suit in federal court under
260 the Eleventh Amendment to the United States Constitution is
261 expressly waived for the sole purpose of resolving disputes
262 arising under the terms of any compact negotiated pursuant to
263 this section. The waiver of the state's immunity under this
264 section is contingent upon an equivalent submission in the
265 compact by the Poarch Band of Creek Indians to the
266 jurisdiction of federal court.

267 Section 65.05

268 Beginning on the ratification date of this amendment,
269 any future amendment to this constitution applicable to less
270 than the entire state relating to gambling, including
271 lotteries, gift enterprises, casino-style games, sports
272 wagering, raffles, pari-mutuel wagering, or bingo, may not
273 take effect and shall be void.

274 Section 65.06

275 Notwithstanding any other provision of this
276 constitution, the Legislature, by general law, may grant
277 original jurisdiction to any court in the State of Alabama,
278 including any appellate court, to hear matters in which the
279 Alabama Gambling Commission or its members, officers, or
280 employees are named a party.



281 Part 3. Any local provision of the Constitution of
282 Alabama of 2022, which purports to authorize or otherwise
283 relates to any form of bingo is hereby repealed, including,
284 but not limited to: Section 8-7.00, relating to Calhoun
285 County; Section 20-7.00, relating to Covington County; Section
286 28-7.00, relating to Etowah County; Section 32-7.00, relating
287 to Greene County; Section 35-7.00, relating to Houston County;
288 Section 37-7.00, relating to Jefferson County; Section
289 42-7.00, relating to Limestone County; Sections 43A-2.00 and
290 43A-2.01, relating to the Town of White Hall in Lowndes
291 County; Section 44-7.00, relating to Macon County; Section
292 45-7.00, relating to Madison County; Section 49-7.00, relating
293 to Mobile County; Section 51-7.00, relating to Montgomery
294 County; Section 52-7.00, relating to Morgan County; Section
295 57-7.00, relating to Russell County; Section 59-7.00, relating
296 to St. Clair County; Section 64-7.00, relating to Walker
297 County; and Section 64A-2.01, relating to the City of Jasper
298 in Walker County.

299 This amendment shall be further implemented by act of
300 the Legislature enacted during the 2024 Regular Session. It is
301 the intent of the Legislature that any such legislative act be
302 read in pari materia with this amendment.

303 Upon ratification of this constitutional amendment, the
304 Code Commissioner shall number and place this amendment as
305 appropriate in the constitution omitting this instructional
306 paragraph and may make the following nonsubstantive revisions:
307 change capitalization, hierarchy, spelling, and punctuation
308 for purposes of style and uniformity; correct manifest



309 grammatical, clerical, and typographical errors; revise
310 internal or external citations and cross-references; harmonize
311 language; and translate effective dates.

312 END OF PROPOSED AMENDMENT

313 Section 2. A specially called election upon the
314 proposed amendment shall be held on September 10, 2024, in
315 accordance with Sections 284 and 285 of the Constitution of
316 Alabama of 2022, and the election laws of this state. The
317 appropriate election official shall assign a ballot number for
318 the proposed constitutional amendment on the election ballot
319 and shall set forth the following description of the substance
320 or subject matter of the proposed constitutional amendment:

321 "Proposing an amendment to the Constitution of Alabama
322 of 2022, to: (1) create the Alabama Gambling Commission; (2)
323 establish an official state lottery to be administered by the
324 commission; (3) authorize pari-mutuel wagering at the existing
325 racetracks in Greene, Jefferson, Macon, and Mobile Counties,
326 at an additional existing location in Greene County, and at
327 existing bingo halls in Houston County and Lowndes County; (4)
328 provide for the distribution of all lottery and gambling tax
329 revenues through annual independent appropriations; (5)
330 provide for the assessment of a tax on the net gambling
331 revenues on pari-mutuel wagering activities; (6) establish an
332 enforcement division within the Alabama Gambling Commission to
333 police lottery games and other gambling activities and
334 eradicate unlawful gambling activities; (7) require the
335 Governor to negotiate a compact with the Poarch Band of Creek
336 Indians to further provide for gambling activities on trust



337 land; (8) repeal all local constitutional provisions
338 authorizing bingo and prohibit any future local amendments
339 allowing for any gambling activities; and (9) further provide
340 for the Legislature's authority to grant a court original
341 jurisdiction for matters relating to the Alabama Gambling
342 Commission.

343 Proposed by Act ____."

344 This description shall be followed by the following
345 language:

346 "Yes() No()."

347 Section 3. The proposed amendment shall become valid as
348 a part of the Constitution of Alabama of 2022, when approved
349 by a majority of the qualified electors voting thereon.

350