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Replace line 92 on page 4 with the following:

partnerships; to add Chapter 18 to Title 10A to the Code of Alabama 1975, providing for the Alabama Statewide Trade Association Law; and in connection therewith would have as its

Replace line 4243 on page 152 with the following:

Section 3. Chapter 18 is added to Title 10A of the Code of Alabama 1975, to read as follows:

CHAPTER 18. Alabama Statewide Trade Associations.

§10A-18-1.01. Short title.

This chapter and the provisions of Chapter 1, to the extent applicable to Alabama statewide trade associations, may be cited as the Alabama Statewide Trade Association Law.

§10A-18-1.02. Applicability of Alabama Nonprofit Corporation Law.

The provisions of the Alabama Nonprofit Corporation Law shall apply to Alabama statewide trade associations, except to the extent they are inconsistent with the provisions of this chapter.



27 §10A-18-1.03. Definitions.

28 As used in this chapter, unless the context
29 otherwise requires, the term:

30 (a) Alabama statewide trade association means a
31 domestic entity that is formed under or is governed by
32 the Alabama Nonprofit Corporation Law and that:

33 (1) is a membership nonprofit corporation as
34 defined in the Alabama Nonprofit Corporation Law;

35 (2) was formed on or before January 1, 2024,
36 and is in existence as of January 1, 2024;

37 (3) has its principal office or other
38 headquarters in the City of Montgomery, Alabama;

39 (4) represents or promotes the common business,
40 professional, or industry interests of its members on
41 a statewide basis;

42 (5) has elected to be governed by this chapter
43 on or before December 31, 2024, by amending its
44 certificate of incorporation in accordance with
45 Section 10A-18-1.09(a); and

46 (6) has not ceased to be governed by this
47 chapter in accordance with Section 10A-18-1.09(b) or
48 Section 10A-18-1.09(c).

49 (b) Policies and procedures means guidelines
50 that provide detailed instructions on how specific
51 tasks, activities, or situations should be handled
52 within an Alabama statewide trade association,
53 including areas such as membership application and



54 renewal processes, event planning and execution, code
55 of conduct and ethics, financial management and
56 reporting, dispute resolution, communication
57 protocols, and operational aspects relevant to the
58 Alabama statewide trade association's functioning.

59 §10A-18-1.04. Alabama statewide trade
60 association records.

61 (a) In lieu of any records required to be
62 maintained by a membership nonprofit corporation under
63 the Alabama Nonprofit Corporation Law, a statewide
64 trade association must maintain the following records:

65 (1) its certificate of incorporation as
66 currently in effect;

67 (2) its bylaws as currently in effect;

68 (3) its policies and procedures as currently in
69 effect;

70 (4) minutes of all meetings of its board of
71 directors and its members;

72 (5) a list of the names and business addresses
73 of its current directors and officers;

74 (6) its annual financial statements, annual
75 audits, and annual federal and state income tax
76 returns for its last three fiscal years (or such
77 shorter period of existence); and

78 (7) a list of its current members in
79 alphabetical order by class of membership showing the
80 address for each member to which notices and other



81 communications from the Alabama statewide trade
82 association are to be sent.

83 (b) An Alabama statewide trade association
84 shall maintain its books and records for its last
85 three fiscal years (or such shorter period of
86 existence) in a form that permits preparation of the
87 financial statements in accordance with generally
88 accepted accounting principles as applied to nonprofit
89 corporations. Financial statements shall mean balance
90 sheets, income statements, statements of activities,
91 notes to financial statements, statements of financial
92 position, and any investment summaries.

93 (c) An Alabama statewide trade association
94 shall have an annual audit of its financial
95 statements. The audit shall be conducted by an
96 independent certified public accounting firm that
97 regularly audits nonprofit entities. The independent
98 certified public accounting firm shall be appointed
99 annually by the board of directors.

100 §10A-18-1.05. Inspection rights of members.

101 In lieu of any inspection rights of the members
102 of a membership nonprofit corporation under the
103 Alabama Nonprofit Corporation Law:

104 (a) A member of an Alabama statewide trade
105 association is entitled to inspect the records
106 required to be maintained by the Alabama statewide
107 trade association under Sections 10A-18-1.04(a)(1)



108 through (6) during regular business hours at the
109 principal office of the Alabama statewide trade
110 association provided that the member gives the Alabama
111 statewide trade association written notice of the
112 member's demand at least five business days before the
113 date on which the member wishes to inspect.

114 (b) A member may inspect the records Sections
115 10A-18-1.04(a) (1) through (6) only if:

116 (1) the member's request is made in good faith
117 and for a proper purpose;

118 (2) the member's request describes with
119 reasonable particularity the member's purpose and the
120 records the member desires to inspect; and

121 (3) the records are directly connected with the
122 member's purpose.

123 (c) An Alabama statewide trade association may
124 impose reasonable restrictions and conditions on
125 access to and use of the records to be inspected under
126 subsection (a), including designating information
127 confidential and imposing nondisclosure and
128 safeguarding, and may further keep confidential from
129 its members and other persons, for a period of time as
130 the Alabama statewide trade association deems
131 reasonable, any information that the Alabama statewide
132 trade association reasonably believes to be in the
133 nature of a trade secret or other information the
134 disclosure of which the Alabama statewide trade



135 association in good faith believes is not in the best
136 interest of the Alabama statewide trade association or
137 could damage the Alabama statewide trade association
138 or its activities or affairs or that the Alabama
139 statewide trade association is required by law or by
140 agreement with a third party to keep confidential. In
141 any dispute concerning the reasonableness of a
142 restriction under this subsection, the Alabama
143 statewide trade association has the burden of proving
144 reasonableness.

145 (d) A member's right of inspection set forth in
146 this section may be further limited by the certificate
147 of incorporation of an Alabama statewide trade
148 association.

149 (e) The certificate of incorporation may
150 provide that a member or group of members has
151 additional inspection rights to those provided by this
152 section. Any provision in the certificate of
153 incorporation for additional inspection rights under
154 this subsection shall set forth the scope, rights,
155 limits, restrictions, conditions, confidentiality, and
156 any other matter related to the additional inspection
157 rights.

158 (f) This section does not limit the power of a
159 court, upon showing of good cause, to compel the
160 production of the books and records of an Alabama
161 statewide trade association, including records not set



162 forth in Section 10A-18-1.04, to the court for
163 examination by a court appointed professional and to
164 impose reasonable restrictions on the use of those
165 books and records by that court appointed
166 professional.

167 §10A-18-1.06. Court ordered action.

168 (a) If an Alabama statewide trade association
169 does not, within the time period set forth in Section
170 10A-18-1.05, allow a member who complies with Section
171 10A-18-1.05 to inspect the records required to be
172 maintained by Sections 10A-18-1.04(a)(1) through (6),
173 a member may petition the Montgomery County Circuit
174 Court, and the court may summarily order inspection of
175 the records demanded at the Alabama statewide trade
176 association's expense upon application of the member.

177 (b) If the court orders inspection of the
178 records demanded under Section 10A-18-1.05, it shall
179 impose reasonable restrictions on the confidentiality,
180 use, or distribution of the records by the demanding
181 member and the court shall also order the Alabama
182 statewide trade association to pay the member's
183 expenses incurred to obtain the order, unless the
184 Alabama statewide trade association establishes that
185 it refused inspection in good faith because the
186 Alabama statewide trade association had:

187 (1) a reasonable basis for doubt about the
188 right of the member to inspect the records demanded;



189 or

190 (2) required reasonable restrictions on the
191 confidentiality, use, or distribution of the records
192 demanded to which the demanding member had been
193 unwilling to agree.

194 §10A-18-1.07. Financial review.

195 (a) If a member of an Alabama statewide trade
196 association has a reasonable belief that financial
197 fraud or malfeasance has occurred or is occurring at
198 the Alabama statewide trade association, that member
199 may petition the Montgomery County Circuit Court for
200 an independent audit of the financial statements of
201 the Alabama statewide trade association. For good
202 cause shown, the court may order an independent audit
203 of the financial statements of the Alabama statewide
204 trade association with that independent audit report
205 to be made to the court. If the court does not find
206 good cause, the court costs shall be assessed to the
207 petitioning member. If the court does find good cause,
208 the court costs and the cost of the audit shall be
209 assessed to the Alabama statewide trade association.

210 (b) In making its determination, the court may
211 review among other matters, whether the Alabama
212 statewide trade association (i) prepared its annual
213 financial statements for its last three fiscal years
214 (or such shorter period of existence), (ii) had an
215 independent audit of its financial statements for its



216 last three fiscal years (or such shorter period of
217 existence), (iii) timely filed its federal or state
218 income tax returns for its last three fiscal years (or
219 such shorter period of existence), or (iv) incurred
220 negative financial performance without a reasonable
221 basis and/or board approval.

222 §10A-18-1.08. Limitations on use of membership
223 list.

224 In addition to the restrictions on the use of
225 membership lists under the Alabama Nonprofit
226 Corporation Law:

227 (a) In an effort to prevent cybercrime,
228 identity fraud, and financial crimes, an Alabama
229 statewide trade association shall take reasonable
230 precautions to safeguard member data, information, and
231 contact information, including membership lists.

232 (b) An Alabama statewide trade association's
233 certificate of incorporation may provide that the
234 Alabama statewide trade association may not disclose
235 member lists and member data.

236 (c) The membership list of an Alabama statewide
237 trade association is the property of the Alabama
238 statewide trade association and shall be used solely
239 for official use of the Alabama statewide trade
240 association. The Alabama statewide trade association
241 may provide member mailing lists for official business
242 purposes consistent with its purpose and its



243 certificate of incorporation.

244 (d) Electronic mail addresses and other
245 electronic transmission information for members may be
246 used in the historical and routine business of an
247 Alabama statewide trade association and shall not be
248 rented, sold, or otherwise provided to any other
249 individual or organization for any other purpose
250 unless authorized by the board of directors.

251 (e) Unless otherwise permitted by the
252 certificate of incorporation or bylaws of an Alabama
253 statewide trade association, a membership list or any
254 part thereof may not be obtained or used by a member
255 or members of the Alabama statewide trade association
256 for any purpose unrelated to the interest of that
257 member or members with respect to the member's
258 capacity as a member of the Alabama statewide trade
259 association without the consent of the board of
260 directors, including without limitation:

261 (1) to solicit money or property unless the
262 money or property will be used solely to solicit the
263 votes of the members in an election to be held by the
264 Alabama statewide trade association;

265 (2) for any commercial purpose; or

266 (3) to be sold to, or purchased by, any person.

267 §10A-18-1.09. Required statement in certificate
268 of formation.

269 (a) A membership nonprofit corporation formed



270 under or governed by the Alabama Nonprofit Corporation
271 Law that elects to be governed by this chapter shall
272 amend its certificate of incorporation by setting
273 forth in its certificate of incorporation a statement
274 that it is an Alabama statewide trade association as
275 defined in Sections 10A-18-1.03(a) (1) through (6) and
276 that it elects to be governed by this chapter.

277 (b) An Alabama statewide trade association
278 shall cease to be governed by this chapter if it
279 amends its certificate of incorporation by removing
280 the statement required in Section 10A-18-1.09(a) and
281 shall thereafter be governed solely by the Alabama
282 Nonprofit Corporation Law, with no right to elect to
283 be governed by this chapter thereafter.

284 (c) An Alabama statewide trade association
285 shall cease to be governed by this chapter if it no
286 longer meets the definition of an Alabama statewide
287 trade association as set forth in Section 10A-18-1.03.
288 If an Alabama statewide trade association ceases to be
289 governed by this chapter in accordance with this
290 section, then that Alabama statewide trade association
291 shall thereafter be governed solely by the Alabama
292 Nonprofit Corporation Law, with no right to elect to
293 be governed by this chapter thereafter.

294 Section 4. Although this bill would have as its
295 purpose

296



297 Replace lines 4249 through 4250 on page 152 with the
298 following:

299 Section 5. Section 3 and Section 4 shall become
300 effective on June 1, 2024; Section 1 and Section 2,
301 with the exception of Sections 10A-1-1.03, 10A-1-1.08,
302 and 10A-1-3.32, Code of Alabama 1975, as amended by
303 Section 1 of this act, shall become effective on
304 August 1, 2024; and Sections 10A-1-1.03, 10A-1-1.08,
305 and 10A-1-3.32, Code of Alabama 1975, as amended by
306 Section 1 of this act, shall become effective January
307 1, 2025.