

**House Judiciary Reported Substitute for HB302**

A BILL

TO BE ENTITLED

AN ACT

Relating to immigration; to amend Section 25-11-5, Code of Alabama 1975, to further provide for the directory of new hires maintained by the Department of Workforce; to add Article 2 to Chapter 11, Title 25, Code of Alabama 1975, to be known as the Alabama Foreign Worker Transparency Act, to require labor brokers that recruit or hire foreign workers for eventual job placement in this state to register with the Department of Workforce; to impose reporting requirements on labor brokers and charitable organizations that provide financial support to foreign workers; to authorize the Secretary of Workforce to investigate labor brokers and charitable organizations for certain violations; to provide civil penalties for violations; to provide a criminal penalty for violations; to authorize departments and agencies that administer public benefits to require disclosure of the financial sponsor when a lawful alien applies for benefits; to require reimbursement from a sponsor in case the lawful alien receives public benefits in place of support promised by the

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sponsor; to authorize a civil action by the Attorney General to enforce collection of reimbursement; and to provide authority for the Secretary of State to dissolve a domestic entity or to revoke the registration of a foreign entity; and to amend Section 31-13-9, Code of Alabama 1975, to specify that employers may lose public incentives for hiring an unauthorized alien.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 25-11-1 through 25-11-17 of Chapter 11 of Title 25, Code of Alabama 1975, are designated as Article 1.

Section 2. Section 25-11-5, Code of Alabama 1975, is amended to read as follows:

"§25-11-5

(a) An employer shall report to the department, within seven days of hiring, each new hire, recall, or rehire. The information to be reported shall include the name, address, Social Security number or United States Citizenship and Immigration Services (USCIS) number, and date of hire of each newly hired, recalled, or rehired individual and the name, address, and state and federal identification numbers of the employer. The information shall be reported on forms supplied by the department or by such other method as approved by the secretary. Notwithstanding the foregoing, employers may transmit reports to the department magnetically or electronically twice a month, not less than 12 days nor more than 16 days apart, when required.

(b) The department shall enter into the State Directory

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of New Hires the information received from an employer within five days of receipt.

(c) The department shall provide this information to the Department of Human Resources in a timely manner as agreed upon by the secretary and the commissioner, for purposes of identifying individuals with outstanding legal child support obligations.

(d) Upon entry into the State Directory of New Hires, the department shall have two days to cross-match the new hire information to identify individuals receiving unemployment compensation or workers' compensation benefits.

(e) Within three days of entry into the State Directory of New Hires, the department shall forward the new hire, recall, and rehire information to the Federal Department of Health and Human Services for inclusion in the National Directory of New Hires."

Section 3. Article 2, commencing with Section 25-11-30, is added to Chapter 11 of Title 25, Code of Alabama 1975, to read as follows:

Article 2.

§25-11-30

This article shall be known and may be cited as the Alabama Foreign Worker Transparency Act.

§25-11-31

The Legislature finds the following:

(1) Significant numbers of foreign nationals are being settled in Alabama communities to fill positions in plants, businesses, or seasonal jobs through worker supply chains that

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may include labor brokers and individuals or entities that have pledged to provide housing and financial support.

(2) These foreign workers are by and large lawfully present in the United States pursuant to a variety of federal temporary parole programs or due to asylum.

(3) Lack of reliable information concerning the processes by which foreign workers and their dependents arrive in Alabama can foment an atmosphere of mistrust between citizens, elected officials, foreign workers, and employers.

(4) Settlement services and other assistance provided to foreign workers and their dependents by charitable organizations is also significant to the placement of foreign workers in the United States, exerting significant influence on our communities, economy, and workforce.

(5) Without burdening lawfully operating businesses, employers, temporary employment agencies, employment agencies, or professional employer organizations, it is imperative that the pathways by which foreign nationals are recruited to work in Alabama communities, and the collaborative roles of labor brokers, nongovernmental organizations, and sponsors in these processes be made transparent, with an orderly means to gather reliable information and data on the foreign segment of our workforce.

§25-11-32

As used in this article, the following words have the following meanings:

(1) ASSOCIATED AUTHORIZED ALIEN. An authorized alien as defined in Section 4 of the act adding this section who meets

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both of the following requirements:

a. Is a dependent of, is a member of the same household as, or otherwise accompanies a foreign worker.

b. Has not been granted an Employment Authorization Document or is not applying for employment authorization.

(2) BONA FIDE EMPLOYMENT SERVICE PROVIDER. Any temporary staffing agency, including an employment agency licensed pursuant to Chapter 10 of Title 34 or a professional employer organization regulated pursuant to Chapter 14 under this title, which performs all of the following:

a. Files federal and state employment tax returns for their temporary worker employees.

b. Provides workers' compensation coverage for their temporary worker employees pursuant to Chapter 5.

c. Participates as an enrollee in E-Verify pursuant to Section 31-13-15.

(3) CHARITABLE ORGANIZATION. An entity which holds itself out as providing benevolent, philanthropic, or humanitarian aid or services, and which may perform activities that include education or advocacy to influence law and government policy. The term includes those entities known as nongovernmental organizations and charities affiliated with churches or other religious groups.

(4) DEPARTMENT. The Alabama Department of Workforce.

(5) DHS. The United States Department of Homeland Security, including any of its components such as U.S. Citizenship and Immigration Services.

(6) ENTITY. Any individual or group of individuals

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employing or contracting with one or more individuals to perform or engage in any activity, enterprise, profession, occupation for gain, benefit, advantage, livelihood, or charitable activity, whether for profit or not for profit, and including, but not limited to, the following:

a. Self-employed individuals, business entities filing articles of incorporation, partnerships, limited partnerships, limited liability companies, either domestic or foreign and authorized to transact business in this state, business trusts, and any entity that is required to register with the Secretary of State.

b. Any entity that possesses a business license, permit, certificate, approval, registration, charter, or similar form of authorization issued by the state; any entity that is exempt by law from obtaining a business license; and any entity that is operating unlawfully without a business license.

(7) FOREIGN WORKER. An authorized alien as defined in Section 4 of the act adding this section who has been granted an Employment Authorization Document.

(8) LABOR BROKER. a. Any entity that recruits or hires, or expects to recruit or hire, six or more foreign workers during a calendar year for the purpose of supplying the foreign workers to a third-party client, in exchange for consideration, for job placement in the state. A labor broker may also provide settlement services to foreign workers or associated authorized aliens.

b. The term does not include a bona fide employment

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service provider, governmental department, agency, or a political subdivision of the state, including a public institution of higher education.

(9) SECRETARY. The Secretary of Workforce.

(10) SETTLEMENT SERVICES. Those services rendered on behalf of a foreign worker or an associated authorized alien including, but not limited to, any of the following:

a. Relocation from outside of the United States or from another location within the United States to a community at or near a worksite employer.

b. Application to DHS for approval of status as an authorized alien as defined in Section 4 of the act adding this section, including receipt of an Employment Authorization Document.

c. Application to DHS to serve as a sponsor.

d. Arrangement or provision of housing at or near the worksite employer.

e. Arrangement or provision of other services or support, including, but not limited to, translating, access to state and local public benefits and social services, driver license, Social Security card, transportation, banking, health care, school enrollment, visa application, clothing, household essentials, or any other support.

(11) SPONSOR. The term includes the following:

a. When used as a noun, the same meaning as defined in Section 4 of the act adding this section.

b. When used as a verb, to act as a sponsor within the meaning defined in Section 4 of the act adding this section.

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(12) SPONSORSHIP. The status of being a sponsor as defined in Section 4 of the act adding this section.

(13) STATE. The State of Alabama.

(14) THIRD-PARTY CLIENT. Any entity that contracts with or gives consideration to a labor broker to obtain foreign employment workers for job placement. The term may include a bona fide service provider or worksite employer.

(15) WORKSITE EMPLOYER. The entity that supervises, directs, or controls the daily or regular tasks performed by a foreign worker at a job location, or the entity for which the foreign worker performs services on a daily or regular basis at a job location. The term includes, but is not limited to, a plant, farm, factory, production or processing facility, building site, office, retail or service outlet, vehicle or equipment fleet, garage or repair facility, service route, or other location in the state.

§25-11-33

(a) Beginning October 1, 2025, no entity may perform the services of a labor broker in this state, as defined in this article, unless the entity registers on an annual basis with the department.

(b) Each entity subject to the registration requirement shall file with the department a completed registration form that shall include the following information:

(1) The names under which the entity conducts business.

(2) The address of the principal place of business of the entity and the address of each office or location it maintains in the state.

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(3) The entity's taxpayer or employer identification number.

(4) A list by jurisdiction of each name under which the entity has operated in the preceding five years, including any alternative names and names of predecessor entities.

(5) The names of all individuals or entities who own, directly or indirectly, any equity interest in the registering entity, unless the registering entity distributes shares of ownership to the public.

(6) Disclosure of any conviction in any jurisdiction for any crime of moral turpitude as defined in Section 34-13-1, or human trafficking, committed by an individual who is an employee or a contractor who performs work for the entity.

(7) If the registrant is a foreign entity, the name and location of the individual or entity's registered agent in the state.

(c) The information required under subsection (b) shall be submitted to the department under oath with the notarized signature of an officer or principal of the entity.

(d) If the information submitted to the department discloses that an employee or a contractor who performs services for the entity has been convicted for a crime as described in subdivision (b)(6), and the employee or contractor is located in the state, the entity shall be ineligible to perform the services of a labor broker in this state while the entity retains the individual as an employee or contractor.

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(e) The department shall adopt rules establishing the following:

(1) The registration fee and any filing fees in amounts that are sufficient for the department to administer this article.

(2) Additional information required by the registration form and provisions for supplementing or revising registration information, as is necessary to administer this article.

§25-11-34

A labor broker subject to the registration requirement of Section 25-11-33 shall submit to the department, on an annual basis, a report that contains the following information with respect to each foreign worker referred or supplied to a third-party client:

(1) The name of the foreign worker and the nation of origin.

(2) The location within or outside the United States at which the labor broker first established contact with the foreign worker.

(3) The identity of the third-party client in the state to which the foreign worker was referred, delegated, or supplied.

§25-11-35

(a) Beginning October 1, 2025, a labor broker subject to the registration requirement of Section 25-11-33 or a charitable organization that is a sponsor shall comply with the requirements of this section.

(b) (1) A labor broker or charitable organization shall

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submit to the department, for each foreign worker and each associated authorized alien it sponsors, copies of: (i) the declaration or affidavit of support submitted to DHS; and (ii) approval by DHS of sponsor status.

(2) The information required in subdivision (1) shall be submitted to the department no later than 30 days after receiving approval from DHS of sponsor status.

(3) If the place of residence of the foreign worker or associated authorized alien under sponsorship changes from the residence as shown in the declaration or affidavit of support, the labor broker or charitable organization is under a continuous duty for the duration of the sponsorship to notify the department of the change in address.

(c) Any labor broker or charitable organization that arranges for, or refers, a foreign worker or any associated authorized alien to any individual or other entity for sponsorship shall submit to the department, on an annual basis, all of the following information:

(1) The name of the foreign worker or associated authorized alien for whom the proposed sponsorship was arranged or the referral was made.

(2) In the case of an individual to provide sponsorship, the individual's residential address and available contact information.

(3) In the case of an entity to provide sponsorship, the address of the location of operation and available contact information.

§25-11-36

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A labor broker that recruits or hires a foreign worker for supply to a third-party client in this state shall confirm the identity of the foreign worker and the foreign worker's employment authorization status with E-Verify pursuant to Section 31-13-15, unless the labor broker is the entity assisting the foreign worker to obtain an employment authorization document from DHS.

§25-11-37

(a) There is established a foreign worker resource database, to comprise the information for registration, reporting, or submission to the department required by this article and Section 31-13-15, to be cross-matched by an individual and entity, regardless of status as a foreign worker, associated authorized alien, labor broker, charitable organization, third-party client, or sponsor.

(b) The department shall implement and maintain the database.

(c) Information from the database may be shared on request with DHS, other departments and agencies of the state, and any political subdivision of the state.

§25-11-38

(a) The registration and reporting requirements of this article, and the civil and criminal penalties provided herein, shall not be construed to govern or apply to any third-party client, bona fide employment service provider, or worksite employer.

(b) This article shall not be construed to supersede the Beason-Hammon Alabama Taxpayer and Citizen Protection Act,

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Chapter 13, Title 31, and the defenses provided to employers that terminate employees discovered to be unauthorized aliens if the employers are in compliance with E-Verify and other employment laws.

§25-11-39

(a) The department may impose the following penalties for noncompliance with this article:

(1) For failure to register or failure to renew registration as required pursuant to Section 25-11-33, an administrative fine of no more than five hundred dollars (\$500).

(2) For each separate failure to submit any information as required by Sections 25-11-34 through 25-11-36, an administrative fine of not less than two hundred fifty dollars (\$250) nor more than five hundred dollars (\$500).

(b)(1) The secretary may investigate, audit, or review any labor broker or charitable organization when there is a reasonable basis to suspect that any of the same may be liable for any of the following violations of this article:

a. Submission by a labor broker or charitable organization of information to the department required under this article that is materially false, including any intentional omission in a facially complete report or submission.

b. Retention by a labor broker of an employee or contractor who is located in this state and who has been convicted of a crime of moral turpitude or human trafficking as described in Section 25-11-33.

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c. Deduction by a labor broker of an amount greater than 15 percent from the wage or other compensation paid to a foreign worker, or withholding any higher percentage of the same, as payment or reimbursement for a settlement service provided or arranged by a labor broker to a foreign worker or any associated authorized alien, or for any other reason.

(2) The secretary may impose a civil fine of not less than one thousand dollars (\$1,000) nor more than five thousand dollars (\$5,000) for each violation in subdivision (1).

(3) The secretary may bring a civil action in the Circuit Court of Montgomery County or the county in which the violation under subdivision (1) occurred to permanently enjoin any entity from engaging in the activities of a labor broker.

(4) The secretary may refer a violation of this article described in subdivision (1) to the Attorney General for prosecution as a Class C felony in the Circuit Court of Montgomery County.

(c) If, during an investigation, audit, or review of a labor broker, the secretary acquires actual knowledge that human trafficking may be occurring in violation of Article 8, Chapter 6, Title 13A, the secretary shall refer the information to the Attorney General for further investigation.

(d) The secretary may refer any entity that is subject to the registration and reporting requirements of this article to the Secretary of State for further enforcement pursuant to Section 5 of the act adding this section where any of the following applies:

(1) An entity fails to pay an administrative fine

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provided under subsection (a) within 180 days of its assessment by the department.

(2) An entity is determined by the secretary to have committed a violation under subsection (b).

§25-11-40

(a) The Foreign Worker Resource Fund is created as a special fund in the State Treasury to the credit of the department.

(b) All registration and other fees adopted by rule to administer this article, and all administrative and civil fines collected by the department, shall be deposited into the fund and shall be budgeted and allotted in accordance with Article 4 of Chapter 4, and Chapter 19, Title 41.

(c) The department may use monies in the fund for the administration and enforcement of this article.

§25-11-41

The department shall adopt rules and forms to implement and administer this article.

Section 4. (a) For the purposes of this section, the following words have the following meanings:

(1) AUTHORIZED ALIEN. The term includes all of the following:

a. An alien who is lawfully present in the United States for a limited period of time on the basis of parole granted pursuant to a federal law, regulation, order, or directive.

b. An alien who is lawfully present in the United States based on asylum or a pending application for asylum

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pursuant to 8 U.S.C. § 1158 or another federal law,
regulation, order, or directive.

c. An alien who is lawfully present in the United
States on humanitarian grounds based on a federal law,
regulation, order, or directive, including, but not limited
to, visa classifications T and U, and the Special Immigrant
Juvenile Classification.

(2) SPONSOR. Any individual or entity who has been
granted status as a financial supporter of an authorized alien
on an Affidavit of Financial Support, or a similar federal
document submitted to the United States Department of Homeland
Security.

(3) SPONSORSHIP. The status of having a sponsor.

(4) STATE OR LOCAL PUBLIC BENEFIT. Benefits
administered by a department, agency, or political subdivision
of the state that may include, but not be limited to, welfare,
health, disability, public or assisted housing, postsecondary
education, food assistance, or unemployment for which payments
or assistance are provided to an individual, household, or
family eligibility unit as defined in 8 U.S.C. § 1621. The
term includes "any means-tested public benefit" as referred to
in 8 U.S.C. § 1183a.

(b)(1) A state department, agency, or political
subdivision, pursuant to Section 31-13-7, Code of Alabama
1975, shall determine through the Systematic Alien
Verification for Entitlements (SAVE) program whether an alien
who applies for a state or local public benefit is lawfully
present in the United States.

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(2)a. If the department, agency, or political subdivision verifies under subdivision (1) that the applicant is an authorized alien, the department, agency, or political subdivision shall require the applicant to provide, when applying for a state or local public benefit, all of the following:

1. The authorized alien's USCIS (U.S. Citizenship and Immigration Services) number or Alien Registration Number.

2. If applicable, the identity of the authorized alien's sponsor, accompanied with a copy of the Declaration of Financial Support, Affidavit of Financial Support, or similar federal document submitted by the sponsor of the alien to the United States Department of Homeland Security.

b. In cases in which the applying authorized alien has a sponsor, the department, agency, or political subdivision shall do the following:

1. If the copy of the Declaration of Financial Support, Affidavit of Financial Support, or similar federal document indicates that the sponsor has promised to provide financial or other support to the applicant that is identical to the state or local public benefit for which the applicant is applying, the department, agency, or political subdivision may deny the application unless the applicant affirms in writing and under oath that the sponsor is not providing the financial or other support promised, accompanied by the reason for this failure.

2. If an applying authorized alien is unable to identify his or her sponsor, or is unable to provide a copy of

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the Declaration of Financial Support, Affidavit of Financial Support, or similar federal document, the department, agency, or political subdivision, as a requirement for considering the application, shall require that the applicant sign a consent form for the department, agency, or political subdivision to make a request under the federal Freedom of Information Act for a copy of all sponsor documents contained in the applicant's alien file maintained by the U.S. Citizenship and Immigration Services component of the United States Department of Homeland Security.

3. The inability of a department, agency, or political subdivision to identify the sponsor, or the financial or other support promised by the sponsor, through the steps provided in this subdivision, or from information held by another department or agency of the State of Alabama, shall not bar approval of a benefit if the applicant otherwise qualifies.

(c)(1) A sponsor shall be liable for reimbursement to a department, agency, or political subdivision when all of the following conditions are met:

a. While residing in the state, an authorized alien receives a state or local public benefit based on an application made by or on behalf of an authorized alien that is approved by the department, agency, or political subdivision that administers the benefit.

b. During at least part of the period in which an authorized alien receives a state or local public benefit, the authorized alien is under sponsorship.

c. The state or local public benefit received by the

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authorized alien is identical to support, whether cash or in kind, which the sponsor promises to provide to the authorized alien as indicated or described in a Declaration of Financial Support, Affidavit of Financial Support, or similar federal document that bears the sponsor's electronic or paper signature.

(2) A sponsor is not liable under this subsection in any of the following cases:

a. The sponsor promises in the Declaration of Financial Support, Affidavit of Financial Support, or similar federal document to assist or arrange for an authorized alien to obtain a particular state or local public benefit that is received by the authorized alien.

b. The sponsor is unable to fulfill the promise of support in the Declaration of Financial Support, Affidavit of Financial Support, or other similar federal document because the sponsor loses contact with the authorized alien through no fault of the sponsor.

c. The authorized alien obtains a state or local public benefit in a manner unknown to the sponsor while the sponsor is providing identical support.

(3) A department, agency, or political subdivision may collect from the sponsor reimbursement for the amount owed for the state or local public benefit, being either the outstanding balance expended or a reasonable value of in-kind benefits, when the conditions in subdivision (1) are met.

(4) If collection efforts by a department, agency, or political subdivision under subdivision (3) fail to satisfy

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the amount owed by the sponsor, the matter may be referred to the Attorney General for enforcement.

a. The Attorney General may bring a civil action against a sponsor in the Circuit Court of Montgomery County or the circuit court of the county in which the sponsor indicated the support would be provided to the authorized alien, in which the Attorney General may pursue any of the following:

1. Recovery of the amount owed for the state or local public benefit provided to the authorized alien.

2. Recovery of reasonable costs and attorney fees.

3. If the sponsor is a labor broker or charitable organization as defined in Section 25-11-32, Code of Alabama 1975, an order directing the state, county, or municipal governing body to revoke all existing business licenses and permits held by the labor broker or charitable organization for a period of no less than three years.

b. If the sponsor is a labor broker or charitable organization as defined in Section 25-11-32, Code of Alabama 1975, the Attorney General may also refer the matter to the Secretary of State for further enforcement pursuant to Section 5 of the act adding this section.

(5) Collection for reimbursement of a state or local public benefit from a sponsor under subdivisions (3) and (4) shall be undertaken consistent with 8 U.S.C. § 1183a and the underlying regulations in any sponsorship cases that are governed thereby.

(6) In any case in which the state or local public benefit to be collected from a sponsor under this subsection

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includes federal funds disbursed through a department, agent, or political subdivision of the state, the federal department, agency, program, or fund shall have a lien on the amount recovered for the federal portion of the benefit recovered.

(d) (1) Any department, agency, or political subdivision which administers a state or local public benefit shall develop forms to comply with the requirements of this section.

(2) Any department, agency, or political subdivision that is authorized by law to adopt rules may do so to implement the requirements of this section.

(e) If an authorized alien under sponsorship applies for and receives a state or local public benefit without the knowledge of the sponsor while receiving support from the sponsor which is identical to the state or local public benefit as attested by the sponsor's Declaration of Financial Support, Affidavit of Financial Support, or similar federal document, the sponsor may recover in a civil action from the authorized alien, the amount or value of support expended, including reasonable costs and attorney fees.

Section 5. (a) The Secretary of State may commence a proceeding under Section 10A-1-7.13, Code of Alabama 1975, to revoke the registration of a foreign entity that is a labor broker or charitable organization as defined in Section 25-11-32, Code of Alabama 1975, to transact business in this state upon the occurrence of any of the following:

(1) Referral by the Secretary of Workforce for failure to pay an administrative fine or a violation pursuant to Section 25-11-39, Code of Alabama 1975.

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(2) Referral by the Attorney General for failure to provide support as the sponsor of an authorized alien pursuant to Section 4 of the act adding this section.

(3) Referral by the Attorney General upon felony conviction of the foreign entity, or an individual employee or contractor thereof, for a violation pursuant to Section 25-11-39, Code of Alabama 1975.

(b) The Secretary of State may dissolve an entity that is a labor broker or charitable organization as defined in Section 25-11-32, Code of Alabama 1975, and which is organized under Title 10A, Code of Alabama 1975, upon the occurrence of any of the following:

(1) Referral by the Secretary of Workforce for failure to pay an administrative fine or a violation pursuant to Section 25-11-39, Code of Alabama 1975.

(2) Referral by the Attorney General for failure to provide support as the sponsor of an authorized alien pursuant to Section 4 of the act adding this section.

(3) Referral by the Attorney General upon felony conviction of the domestic entity, or an employee or contractor thereof, for a violation pursuant to Section 25-11-39, Code of Alabama 1975.

Section 6. Section 31-13-9, Code of Alabama 1975, is amended to read as follows:

"§31-13-9

(a) As a condition for the award of any contract, grant, or incentive by the state, any political subdivision thereof, or any state-funded entity to a business entity or

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617 employer that employs one or more employees, the business
618 entity or employer shall not knowingly employ, hire for
619 employment, or continue to employ an unauthorized alien within
620 the State of Alabama.

621 (b) As a condition for the award of any contract,
622 grant, or incentive by the state, any political subdivision
623 thereof, or any state-funded entity to a business entity or
624 employer that employs one or more employees within the State
625 of Alabama, the business entity or employer shall provide
626 documentation establishing that the business entity or
627 employer is enrolled in the E-Verify program. During the
628 performance of the contract, the business entity or employer
629 shall participate in the E-Verify program and shall verify
630 every employee that is required to be verified according to
631 the applicable federal rules and regulations.

632 (c) Any subcontractor on a project paid for by
633 contract, grant, or incentive by the state, any political
634 subdivision thereof, or any state-funded entity shall not
635 knowingly employ, hire for employment, or continue to employ
636 an unauthorized alien within the State of Alabama and shall
637 also enroll in the E-Verify program prior to performing any
638 work on the project. Furthermore, during the performance of
639 the contract, the subcontractor shall participate in the
640 E-Verify program and shall verify every employee that is
641 required to be verified according to the applicable federal
642 rules and regulations. This subsection shall only apply to
643 subcontractors performing work on a project subject to the
644 provisions of this section and not to collateral persons or

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business entities hired by the subcontractor.

(d) (1) A contractor of any tier shall not be liable under this section when such contractor contracts with its direct subcontractor who violates subsection (c) unless it is shown that the contractor ~~knew or should have known~~had actual knowledge that the direct subcontractor was in violation of subsection (c).

(2) A business entity or employer shall not be liable under this section when the business entity or employer hires, retains, or uses the services of an employee supplied by a labor broker as defined in Section 25-11-32, unless the court finds that the business entity or employer hired, retained, or used the services of an employee with actual knowledge that the labor broker did not verify the employee's employment authorization status or otherwise help the employee to obtain employment authorization pursuant to Section 25-11-36.

(e) (1) Upon a finding by a court of competent jurisdiction of a first violation of subsection (a) by any business entity or employer, ~~including a subcontractor~~:

a. The business entity or employer shall be deemed in breach of contract and the state, political subdivision thereof, or state-funded entity may terminate the contract after providing notice and an opportunity to be heard.

b. The court shall do all of the following:

1. Order the business entity or employer to terminate the employment of every unauthorized alien.

2. Subject the business entity or employer to a three-year probationary period throughout the state. During

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the probationary period, the business entity or employer shall file quarterly reports with the Department of ~~Labor~~Workforce of each new employee who is hired by the business entity or employer in the state.

3. Order the business entity or employer to file, subject to the penalty of perjury, a signed, sworn affidavit with the Department of ~~Labor~~Workforce within three days after the order is issued by the court stating that the business entity or employer has terminated the employment of every unauthorized alien and the business entity or employer will not knowingly or intentionally employ an unauthorized alien in this state.

c.1. If the court determines that the business entity or employer has a policy or practice that violates this section, the court shall direct the applicable state, county, or municipal governing bodies to suspend the business licenses or permits of the business entity or employer for a period not to exceed 60 days specific to the location or locations where the unauthorized alien performed work.

2. Before a business license or permit that has been suspended under this paragraph is reinstated, a legal representative of the business entity or employer shall submit to the court a signed, sworn affidavit stating that the business entity or employer is in compliance with the provisions of this subdivision and a copy of the Memorandum of Understanding issued to the business entity or employer at the time of enrollment in the E-Verify program.

(2) Upon a finding by a court of competent jurisdiction

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of a second violation of subsection (a) by a business entity or employer, ~~including a subcontractor,~~ awarded a contract by the state, any political subdivision thereof, or any state-funded entity that occurs within ~~ten~~10 years of a finding by a court of competent jurisdiction of a first violation by the business entity or employer:

a. The business entity or employer shall be deemed in breach of contract and the state, political subdivision thereof, or state-funded entity shall terminate the contract after providing notice and an opportunity to be heard.

b. The court shall do all of the following:

1. Order the business entity or employer to terminate the employment of every unauthorized alien.

2. Subject the business entity or employer to a five-year probationary period throughout the state. During the probationary period, the business entity or employer shall file quarterly reports with the Department of ~~Labor~~Workforce of each new employee who is hired by the business entity or employer in the state.

3. Order the business entity or employer to file, subject to the penalty of perjury, a signed, sworn affidavit with the Department of ~~Labor~~Workforce within three days after the order is issued by the court stating that the business entity or employer has terminated the employment of every unauthorized alien and the business entity or employer will not knowingly or intentionally employ an unauthorized alien in this state.

c.1. If the court determines that the business entity

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or employer has a policy or practice that violates this section, the court shall direct the applicable state, county, or municipal governing bodies to suspend the business licenses or permits of the business entity or employer for a period not less than 60 days and not to exceed 120 days specific to the location or locations where the unauthorized alien performed work.

2. Before a business license or permit that has been suspended under this paragraph is reinstated, a legal representative of the business entity or employer shall submit to the court a signed, sworn affidavit stating that the business entity or employer is in compliance with the provisions of this subdivision and a copy of the Memorandum of Understanding issued to the business entity or employer at the time of enrollment in the E-Verify program.

d. A finding by a court of competent jurisdiction of a second violation of subsection (a) that does not occur within ~~ten~~10 years of a first violation shall still be considered a second violation of subsection (a) by the business entity or employer, even though the penalty for the second violation shall be governed by subdivision (1).

(3) Upon a finding by a court of competent jurisdiction of a third violation of subsection (a) by a business entity or employer, ~~including a subcontractor,~~ awarded a contract by the state, any political subdivision thereof, or any state-funded entity:

a. The business entity or employer shall be deemed in breach of contract and the state, political subdivision

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thereof, or state-funded entity shall terminate the contract after providing notice and an opportunity to be heard.

b. The court shall direct the applicable state, county, or municipal governing bodies to permanently revoke all business licenses or permits of the business entity or employer.

(4)a. For the purposes of this subdivision, an "incentive" is any arrangement whereby the state or a political subdivision authorizes a loss in revenue due to a special exclusion, exemption, or deduction, or a special tax credit or preferential tax rate, that may be claimed by a business entity or employer.

b.1. Upon a finding by a court of competent jurisdiction of a second violation of subsection (a), in addition to the requirements and penalties provided under subdivisions (1) and (2), the court shall direct both of the following:

(i) That the business entity or employer forfeit any incentive that it otherwise lawfully claims.

(ii) That the business entity or employer pay the state or political subdivision the monetary amount for which the business entity or employer would have been liable in the absence of claiming the incentive for the period during which the unauthorized alien was employed.

2. A business entity or employer that is penalized under subparagraph 1., may again claim the incentive no earlier than the fourth anniversary of the date of forfeiture if the entity or employer has satisfied any payment directed

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by the court under item b.1.(ii).

(f) (1) This section shall not be construed to deny any procedural mechanisms or legal defenses included in the E-Verify program or any other federal work authorization program.

(2) A business entity or employer that has enrolled in the E-Verify program and has used the program to verify the work authorization of an employee shall not be liable under this section for violations resulting from the hiring of that employee.

(g) The Secretary of State may adopt rules to administer this section and shall report any rules adopted to the Legislature.

(h) Compliance with this section may be verified by the contracting authority or any state or local law enforcement agency at any time to ensure a contractual agreement as provided for in this section is being met.

(i) Anything to the contrary notwithstanding, this section shall not apply to agreements by the state, any political subdivision thereof, or any state-funded entity relating to debt obligations by such entities.

(j) Any business entity or employer found in violation of this section that has had their business license or permit suspended ~~shall not~~, for the duration of the suspension, shall not be allowed, directly or indirectly, to procure or execute a license or permit similar to those that have been suspended.

(k) All contracts or agreements to which the state, a political subdivision, or state-funded entity are a party

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813 shall include the following clause: "By signing this contract,
814 the contracting parties affirm, for the duration of the
815 agreement, that they will not violate federal immigration law
816 or knowingly employ, hire for employment, or continue to
817 employ an unauthorized alien within the State of Alabama.
818 Furthermore, a contracting party found to be in violation of
819 this provision shall be deemed in breach of the agreement and
820 shall be responsible for all damages resulting therefrom."

821 (l) For the purposes of this section, "contract" ~~shall~~
822 ~~mean~~ means a contract awarded by the state, any political
823 subdivision thereof, or any state-funded entity that was
824 competitively bid or ~~would~~, if entered into by the state or an
825 agency thereof, would be required to be submitted to the
826 Contract Review Permanent Legislative Oversight Committee.

827 (m) All actions brought under this section shall be
828 brought in circuit court."

829 Section 7. This act shall become effective on October
830 1, 2025.