

SB228 INTRODUCED



1 SB228
2 BYY5GJ4-1
3 By Senators Jones, Orr, Roberts, Butler, Kitchens, Kelley,
4 Bell, Sessions, Allen, Givhan, Stutts
5 RFD: Banking and Insurance
6 First Read: 05-Mar-25



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SYNOPSIS:

Under existing federal law, banks are prohibited from engaging in lending practices that discriminate on the basis of race, ethnicity, religion, and other factors.

This bill would provide legislative findings and define certain terms.

This bill would define "social credit score" to include a person exercising his or her lawful right to religion or speech, failing or refusing to facilitate or conduct certain practices, or engaging in certain business activities.

This bill would allow a financial institution or insurer to claim a religious purpose exemption when making certain determinations regarding the provision of services.

This bill would prohibit certain financial institutions and insurers from using a social credit score and other nonquantitative or biased factors to discriminate in the provision of services.

This bill would provide penalties for violations.

This bill would also provide that a violation would authorize the Alabama State Banking Department or the Alabama Department of Insurance to enforce the act;



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29 and provide for penalties for the violation.

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A BILL

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TO BE ENTITLED

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AN ACT

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36 Relating to financial institutions; to establish the
37 Equality in Financial Services Act; to prohibit certain
38 financial institutions and insurers from discriminating in the
39 provision of services by using social credit scores and other
40 nonquantifiable factors; to define "social credit score" and
41 make this a deceptive trade practice; to provide an exception
42 for a financial institution or insurer that claims a religious
43 purpose; to authorize the Alabama State Banking Department or
44 the Alabama Department of Insurance to enforce this act.

45 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

46 Section 1. This act shall be known and may be cited as
47 the Equality in Financial Services Act.

48 Section 2. The Legislature finds and declares all of
49 the following:

50 (1) Obtaining access to financial services is a basic
51 requirement for a person to meaningfully participate in the
52 State of Alabama's marketplace.

53 (2) Due to their fundamental role in the marketplace,
54 the State of Alabama and United States government give
55 financial institutions significant privileges and enact state
56 and federal laws that guarantee access to certain financial



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57 services without discrimination based on race, color,
58 religion, national origin, sex, and other factors.

59 (3) New banks and other financial institutions face
60 significant barriers to entry which reduce the competitiveness
61 of the market and allow existing institutions to wield
62 significant power.

63 (4) Financial institutions cannot act as de facto
64 regulators of private conduct by denying financial services
65 based on a person's religious exercise, association, speech,
66 social views, or participation in a particular industry.

67 (5) Financial institutions have a responsibility to
68 make decisions about whether to provide a person with
69 financial services based on impartial criteria free from
70 discrimination or favoritism.

71 (6) Financial institutions also have a responsibility
72 to disclose the conditions under which they will deny
73 financial services, and if they deny financial services, to
74 provide upon request a truthful and complete explanation to
75 the person explaining why financial services were denied.

76 (7) Financial institutions face increasing internal and
77 external pressures to impede otherwise lawful commerce based
78 on a person's religious exercise, associations, speech, social
79 views, or participation in particular industries, and to do so
80 covertly, without informing the person or the public why
81 services were or will be denied.

82 (8) When financial institutions omit material
83 information about when they will deny financial services or
84 why they denied financial services to a person, this lack of



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85 transparency harms specific persons and the general
86 marketplace.

87 (9) This kind of deception and unfair discrimination in
88 the provision of financial services threatens the economy,
89 security, and the soundness of banking and other financial
90 markets in the State of Alabama.

91 (10) These deceptive and unfair discriminatory
92 practices threaten the ability of Alabama's residents to speak
93 freely as part of the democratic process and to live freely
94 according to the dictates of their conscience, and these
95 practices also violate the public trust.

96 Section 3. (a) For purposes of this act, the following
97 words have the following meanings:

98 (1) FINANCIAL INSTITUTION. a. Notwithstanding Section
99 8-19-7(3), Code of Alabama 1975, either of the following:

100 1. A bank that has total assets over twenty billion
101 dollars (\$20,000,000,000).

102 2. A payment processor, credit card company, credit
103 card network, payment network, payment service provider, or
104 payment gateway that has processed more than twenty billion
105 dollars (\$20,000,000,000) in transactions in the last calendar
106 year.

107 b. The term includes any affiliate or subsidiary
108 company of an entity described in paragraph a. even if that
109 company is also a financial institution.

110 (2) FINANCIAL SERVICES. Any financial product or
111 service offered by a financial institution.

112 (3) INSURER. Any person engaged in the business of



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113 entering into contracts for insurance as indemnitor, surety,
114 or contractor.

115 (4) PERSON. Any individual, partnership, association,
116 joint stock company, trust, corporation, nonprofit
117 organization, or other business or legal entity.

118 (5) SOCIAL CREDIT SCORE. a. Any analysis, rating,
119 scoring, list, or tabulation that evaluates any of the
120 following:

121 1. A person's exercise of religion, as well as belief
122 and affiliation.

123 2. A person's speech, expression, or association,
124 including the person's opinions, speech, or other expressive
125 activities, including the lawful preservation of privacy
126 regarding those activities, such as the refusal to disclose
127 lobbying, political activity, or contributions beyond what is
128 required by applicable state and federal law, but excluding
129 obscenity, fraud, incitement, true threats, fighting words, or
130 defamation.

131 3. A person's lawful ownership of a firearm.

132 4. Failure or refusal to adopt any targets or
133 disclosures related to greenhouse gas emissions beyond what is
134 required by applicable state and federal law.

135 5. Failure or refusal to conduct any type of racial,
136 diversity, or gender audit or disclosure or to provide any
137 sort of quota, preference, or benefit based, in whole or in
138 part, on race, diversity, or gender.

139 6. Failure or refusal to facilitate or assist employees
140 in obtaining abortions or the services described in Section



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141 26-26-4, Code of Alabama 1975, regardless of the age of the
142 person upon whom the services will be performed.

143 7. A person's support for, or refusal to support or
144 provide services for a federal, state, or local government
145 policy, plan, or initiative.

146 8. Any lawful business associations or activity by the
147 person or others with firearms and ammunition manufacturers or
148 dealers.

149 9. Any lawful business association or activity by the
150 person or others with an oil or gas company.

151 b. The term does not include the financial institution
152 evaluating quantifiable financial risks of a person based on
153 impartial, financial-risk-based standards that include
154 activities described in paragraph a. if the standards are
155 established in advance by the financial institution and
156 publicly disclosed to customers and potential customers.

157 (b) These terms shall be construed in favor of the
158 broad protection of the conduct, opinions, and beliefs
159 protected by the First Amendment to the United States
160 Constitution, applicable federal laws, the Constitution of
161 Alabama of 2022, and state law.

162 Section 4. (a) A financial institution or insurer shall
163 not do either of the following:

164 (1) Use a social credit score to decline, directly or
165 indirectly, to provide full and equal enjoyment in the
166 provision of financial services, including refusing to
167 provide, terminating, or restricting financial services.

168 (2) Agree, conspire, or coordinate, directly or



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169 indirectly, including through any intermediary or third party,
170 with another person or group of persons, to engage in activity
171 prohibited by subdivision (1).

172 (b) If a financial institution refuses to provide,
173 restricts, or terminates service to a customer, that customer
174 may request a statement of specific reasons within 90 days
175 after receiving notice of the refusal to provide, restriction
176 of, or termination of service. The customer may request the
177 statement from a customer service representative or designated
178 account representative by phone, U.S. mail, or electronic
179 mail. The financial institution shall transmit the statement
180 of specific reasons via U.S. mail and electronic mail within
181 14 days of receiving the customer's request. The statement of
182 specific reasons shall include all of the following:

183 (1) A detailed explanation of the basis for the denial
184 or termination of service, including a description of any of
185 the customer's speech, religious exercise, business activity
186 with a particular industry, or other conduct that was, in
187 whole or in part, the basis of the financial institution's
188 denial or termination of service.

189 (2) A copy of the terms of service agreed to by the
190 customer and the financial institution.

191 (3) Citations to the specific provisions of the terms
192 of service upon which the financial institution relied in
193 refusing to provide, restricting, or terminating service.

194 (c) A financial institution or insurer shall not deny
195 or cancel its services to a person, or otherwise discriminate
196 against a person in the provision of financial services or in



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197 the terms or conditions of financial services, on the basis of
198 any of the following:

199 (1) The person's political opinions, speech, or
200 affiliations.

201 (2) Except as provided in subsection (b), the person's
202 religious beliefs, religious exercise, or religious
203 affiliations.

204 (3) Any other factor if it is not a quantitative,
205 impartial, and risk-based standard, including any factor
206 related to the person's business sector.

207 (4) The use of a rating, scoring, analysis, tabulation,
208 or other action that considers a social credit score based on
209 factors including any of the following:

210 a. The person's political opinions, speech, or
211 affiliations.

212 b. Except as provided in subsection (b), the person's
213 religious beliefs, religious exercise, or religious
214 affiliations.

215 c. The person's lawful ownership of a firearm.

216 d. The person's engagement in the lawful manufacture,
217 distribution, sale, purchase, or use of firearms or
218 ammunition.

219 e. The person's engagement in the exploration,
220 production, utilization, transportation, sale, or manufacture
221 of fossil fuel-based energy, timber, mining, or agriculture.

222 f. The person's support of the state or federal
223 government in combating illegal immigration, drug trafficking,
224 or human trafficking.



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225 g. The person's engagement with, facilitation of,
226 employment by, support of, business relationship with,
227 representation of, or advocacy for any person described in
228 this subsection.

229 h. The person's failure to meet, failure to commit to
230 meet, or expected failure to meet, any of the following as
231 long as the person is otherwise in compliance with applicable
232 state or federal law:

233 1. Environmental standards, including emissions
234 standards, benchmarks, requirements, or disclosures.

235 2. Social governance standards, benchmarks, or
236 requirements, including environmental or social justice.

237 3. Corporate board or company employment composition
238 standards, benchmarks, requirements, or disclosures based on
239 characteristics.

240 4. Policies or procedures requiring or encouraging
241 employee participation in social justice programming,
242 including diversity, equity, or inclusion training.

243 (d) An insurer shall make determinations about the
244 provision of services based on an analysis of sound
245 underwriting and actuarial principles related to actual or
246 reasonably anticipated loss experience unique to each current
247 or prospective customer and shall not engage in a practice
248 described in subsection (c). This does not restrict an insurer
249 that claims a religious purpose from making such
250 determinations based on the current or prospective customer's
251 religious beliefs, religious exercise, or religious
252 affiliations.



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253 Section 5. As a condition of entering into any
254 agreement to provide services to the State of Alabama, its
255 political subdivisions, and all enumerated and nonenumerated
256 agencies as defined in Section 41-20-3, Code of Alabama 1975,
257 a financial institution or insurer shall certify to the state
258 that it will not violate Section 4. Providing a false or
259 misleading statement to this effect or violating Section 4
260 shall be considered a material breach of any such agreement
261 and shall result in an immediate termination of the agreement.
262 In addition, the financial institution or insurer shall be
263 ineligible to provide services to the state, pursuant to
264 Chapter 16 of Title 41, Code of Alabama 1975, its political
265 subdivisions, or enumerated and nonenumerated agencies for a
266 period of two years.

267 Section 6. (a) Any violation of this act by a financial
268 institution operating pursuant to its enumerated powers
269 granted in Section 5-5A-18(12), Code of Alabama 1975, shall be
270 enforced by the Alabama State Banking Department under its
271 authority to regulate banks granted in Section 5-2A-1, Code of
272 Alabama 1975.

273 (b) Any violation of this act by an insurer shall
274 constitute an unfair trade practice in violation of Chapter 12
275 of Title 27, Code of Alabama 1975.

276 (c) (1) A person harmed by a violation of this act may
277 file a complaint with the Alabama State Banking Department or
278 the Alabama Department of Insurance. A complaint must be filed
279 within 90 days from when the person knew or should have known
280 of the action alleged to constitute the violation of this act.



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281 (2) The Alabama State Banking Department and Alabama
282 Department of Insurance shall require a filing fee of up to
283 fifty dollars (\$50) for each claim filed. If the department
284 substantiates the claim, the filing fee shall be reimbursed to
285 the complainant.

286 (3) Unless specifically prohibited by federal law, the
287 Alabama State Banking Department or the Alabama State
288 Department of Insurance shall open an investigation into the
289 facts giving rise to the complaint. Within 60 days of receipt
290 of the complaint, the Alabama State Banking Department or
291 Alabama State Department of Insurance shall either:

292 a. Notify the complainant that the Alabama State
293 Banking Department or Alabama State Department of Insurance
294 has determined that there has been a violation of this act and
295 take all necessary steps to remedy the violation, including
296 levying fines of actual damages suffered by the complainant or
297 ten thousand dollars (\$10,000), whichever is greater, payable
298 to the complainant; or

299 b. Notify the complainant that the Alabama State
300 Banking Department or Alabama State Department of Insurance is
301 declining to investigate or take action to remedy the
302 complaint, or has found no violation.

303 (d) If the Alabama State Banking Department, or Alabama
304 Department of Insurance either finds no violation or declines
305 to investigate or take action to remedy the complaint, the
306 complainant may initiate a civil action for either or both of
307 the following:

308 (1) To recover actual damages or ten thousand dollars



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309 (\$10,000), whichever is greater, for each violation. If the
310 trier of fact finds that the violation was willful, it may
311 increase the damages to an amount of up to three times the
312 actual damages sustained or thirty thousand dollars (\$30,000),
313 whichever is greater. A court shall award a prevailing
314 plaintiff reasonable attorney fees and court costs.

315 (2) To obtain preventive relief, including an
316 application for a permanent or temporary injunction,
317 restraining order, or other order as is necessary to enforce
318 the requirements of this act.

319 (e) Nothing in this act shall be construed as limiting
320 the Attorney General's authority to investigate or take action
321 to remedy a violation of this act.

322 Section 7. This act shall become effective on October
323 1, 2025.