

1 HB555  
2 199307-2  
3 By Representative Scott  
4 RFD: State Government  
5 First Read: 02-MAY-19

8 SYNOPSIS: Under current law, utilities operating in  
9 the state are authorized to require a cash deposit  
10 from a prospective customer for the purpose of  
11 guaranteeing final payment, require that deposit  
12 prior to beginning service or coincident with the  
13 first monthly bill, and withhold or discontinue  
14 utility services if a deposit is not made at the  
15 time specified by the utility.

16 This bill would establish the State of  
17 Alabama as a guarantor of utility deposits for  
18 Alabama residents who recently graduated from a  
19 postsecondary institution and who are establishing  
20 a new residence for the purpose of being nearer to  
21 their employer.

22 This bill would authorize the Alabama  
23 Commission on Higher Education to adopt rules to  
24 implement this act, in consultation with the  
25 Alabama Department of Commerce.

26  
27 A BILL

1 TO BE ENTITLED

2 AN ACT

3  
4 Relating to public utilities; to provide a mechanism  
5 for the State of Alabama to guarantee utility deposits for  
6 Alabama residents who recently completed postsecondary  
7 education within a specified period of time following their  
8 graduation date; to provide a mechanism for the state to make  
9 payment to utilities for program participants who default on  
10 their utility bills; and to authorize the state to seek  
11 collections from program recipients who default on their  
12 financial obligations to utility companies by any means  
13 available, including the withholding of income tax refunds,  
14 garnishment of wages, the placement of liens on property, or  
15 the use of debt collection agencies.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17 Section 1. As used in this act, the following terms  
18 shall have the following meanings:

19 (1) ELIGIBLE PARTICIPANT. A graduate of an Alabama  
20 public or private college or university who satisfies all of  
21 the following:

22 a. Has been offered a full-time position, in  
23 writing, from an employer in the State of Alabama within 60  
24 months of his or her graduation date.

25 b. Is in the process of establishing a new domicile  
26 within the State of Alabama for the purposes of that full-time

1 employment, or has established a new domicile for those  
2 purposes within the 30 days prior to the date of application.

3 (2) PROGRAM RECIPIENT. An eligible participant who  
4 meets all criteria set forth by the Alabama Commission on  
5 Higher Education for participation in the program.

6 (3) UTILITY. A defined organization that offers  
7 electricity, natural gas, water, sewage, or trash collection  
8 services and requires a security deposit or guarantor for a  
9 new customer to receive those services. For the purposes of  
10 this act, the term does not include telecommunications or  
11 transportation-related utilities.

12 Section 2. (a) The Alabama Commission on Higher  
13 Education shall establish and administer a program through  
14 which the State of Alabama may guarantee utility deposits for  
15 qualified eligible participants. Any Alabama resident may  
16 apply to the Alabama Commission on Higher Education to become  
17 a program recipient.

18 (b) Prior to enrollment in the program, the Alabama  
19 Commission on Higher Education shall verify that an applicant  
20 is an eligible participant for the program and meets all  
21 criteria to become a program recipient.

22 (c) Upon verification that an applicant satisfies  
23 all criteria for the program, the Alabama Commission on Higher  
24 Education shall issue a voucher to the program recipient for  
25 each utility. The voucher shall declare that the Alabama  
26 Commission on Higher Education guarantees the utility deposits  
27 for that program recipient.

1           (1) Upon receipt of a valid voucher, a utility shall  
2 not require a utility deposit from that program recipient  
3 before beginning service.

4           (2) A voucher shall only remain valid for one use,  
5 and shall be collected, filed, and maintained by a utility at  
6 time of receipt.

7           (d) The Alabama Commission on Higher Education shall  
8 only issue one voucher for each type of utility service to  
9 each program recipient.

10           (1) If the residence of a program recipient has two  
11 meters for one type of utility service, the program voucher  
12 shall only be valid for one meter.

13           (2) If a program recipient defaults for payment with  
14 one utility, the program shall reimburse the utility for that  
15 default, but shall not issue any future voucher for that type  
16 of utility for that program recipient. The program shall  
17 continue to honor any voucher with any utility that holds the  
18 program recipient in good standing.

19           (3) If, after receiving a voucher for a utility  
20 deposit, a program recipient changes residences and,  
21 therefore, must pay a new deposit for that same type of  
22 utility, the program shall not issue a voucher for that second  
23 deposit, whether or not that deposit is with the same utility  
24 as the first deposit.

25           (e) The program shall not be a bill paying service,  
26 nor shall it be a substitute for any payment the program

1 recipient owes a utility company. Recipients are responsible  
2 for payment in full by the dates specified by the utility.

3 (f) Enrollment in the program or use of a voucher by  
4 a program recipient shall not automatically guarantee service  
5 from any utility. Each eligible participant must also meet the  
6 criteria for initiating service of each utility.

7 Section 3. The Alabama Commission on Higher  
8 Education shall maintain a list of all utilities that have  
9 agreed to allow the State of Alabama to serve as a guarantor.

10 Section 4. (a) The Alabama Commission on Higher  
11 Education may seek collections from program recipients who  
12 default on their financial obligations to utility companies by  
13 any or all means available, including the withholding of  
14 income tax refunds, garnishment of wages, the placement of  
15 liens on property, or the use of debt collection agencies.

16 (b) The Alabama Commission on Higher Education shall  
17 not act as a representative or intermediary for either the  
18 recipient or the utility in resolving disputes.

19 (c) A fund in the State Treasury is established and  
20 shall be maintained to assist in the payment of utility  
21 defaults by recipients and to hold any collections by the  
22 Alabama Commission on Higher Education or its authorized  
23 representatives from recipients who are in default.

24 Section 5. (a) The implementation of this program is  
25 dependent on a state appropriation. Funds allocated for this  
26 program are considered to be non-reverting.

1           (b) The Alabama Commission on Higher Education is  
2 authorized to retain up to seven and one-half percent of the  
3 appropriation as costs of administration.

4           Section 6. The Alabama Commission on Higher  
5 Education is authorized to adopt rules to implement this act.

6           Section 7. This act shall become effective on the  
7 first day of the third month following its passage and  
8 approval by the Governor, or its otherwise becoming law.