

**HB114 INTRODUCED**



1      HB114  
2      7B97UV2-1  
3      By Representative Sells  
4      RFD: State Government  
5      First Read: 13-Jan-26  
6      PFD: 06-Jan-26



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5 SYNOPSIS:

6 Under existing law, certain sellers and fleet  
7 producers of compressed or liquefied natural gas and  
8 certain suppliers, importers, exporters, distributors,  
9 blenders, and terminal operators of motor fuels have 30  
10 days to file a new or replacement bond once notified by  
11 the Alabama Department of Revenue.

12 This bill would extend the current 30-day filing  
13 period for new or replacement bonds.

14 Under existing law, when an entity unlawfully  
15 imports into or transports, delivers, stores, or sells  
16 motor fuels in Alabama, the Alabama Department of  
17 Revenue will make an assessment, including interest and  
18 penalties, which must be paid within 30 days.

19 This bill would extend the current 30-day  
20 payment period for assessments made on unlawfully  
21 imported or transported motor fuels.

22 This bill would also make nonsubstantive,  
23 technical revisions to update the existing code  
24 language to current style.

25  
26  
27 A BILL  
28 TO BE ENTITLED



## **HB114 INTRODUCED**

29

## AN ACT

30

31 Relating to surety bonds and motor fuel assessments; to  
32 amend Sections 40-17-168.5 and 40-17-335 to extend the filing  
33 period for new or replacement surety bonds; to amend Section  
34 40-17-353 to extend the payment period for assessments made on  
35 certain unlawful transactions of motor fuels; and to make  
36 nonsubstantive, technical revisions to update the existing  
37 code language to current style.

38 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

39                   Section 1. Sections 40-17-168.5, 40-17-335, and  
40 40-17-353, Code of Alabama 1975, are amended to read as  
41 follows:

42 "§40-17-168.5



57 the average monthly tax liability, the commissioner may  
58 require an additional surety bond from any licensee if under  
59 ~~one or more of the following circumstances:~~

60 (1) The commissioner determines that the surety on an  
61 existing bond is unsatisfactory~~;~~

62 (2) A surety notifies the department that it intends to  
63 cancel a bond as provided in subsection (d)~~;~~ or

64 (3) The commissioner, after reviewing the payment  
65 history of the licensee, determines that the existing bond of  
66 the licensee is insufficient in an amount to insure the prompt  
67 payment of all excise taxes that are due or may become due to  
68 the state by the licensee upon the sale or withdrawal of  
69 compressed natural gas or liquefied natural gas. However, in  
70 no case shall a new or additional bond be more than two months  
71 of average excise tax owed by the licensee.

72 (c) (1) The department shall notify a licensee at his or  
73 her last known address by first class U.S. mail or, at the  
74 option of the department, certified mail, return receipt  
75 requested, that it is requiring such new or additional bond  
76 for any reason as provided ~~above~~in subsection (b), and the  
77 licensee, within ~~30~~60 days from the date the notice is mailed  
78 by the department, shall ~~do~~ either ~~of the following:~~

79 a. File the new or additional bond as requested by the  
80 department~~;~~ or

81 b. File a notice of appeal with the Alabama Tax  
82 Tribunal as allowed in Chapter 2A.

83 (2) The department may immediately cancel the  
84 licensee's license upon the expiration of the ~~30~~60-day period



85 set out abovein subdivision(1) if the licensee fails to either  
86 provide the new or additional bond requested by the department  
87 or timely appeal to the Alabama Tax Tribunal.

88 (d) (1) Any surety on an existing bond furnished by a  
89 licensee may notify the department in writing of its intent to  
90 cancel the bond. The department shall immediately notify the  
91 licensee of the intent of the surety to cancel the surety  
92 bond, and the licensee shall have 3060 days from the date the  
93 notice is mailed by the department to provide a sufficient  
94 replacement bond as requested by the department.

95 (2) The department may immediately cancel the  
96 licensee's license upon expiration of the 3060-day period set  
97 out abovein subdivision(1) if the licensee fails to either  
98 provide a new replacement bond as requested by the department  
99 or appeal the proposed revocation to the Alabama Tax Tribunal  
100 within the 3060 days as allowed by Chapter 2A.

101 (3) The surety requesting to be released shall remain  
102 liable for any liability already accrued or which shall accrue  
103 during the 3060-day period set out abovein subdivision(1), but  
104 shall not be responsible for any liability which accrues after  
105 the 3060-day period.

106 (e) A surety providing a bond must be authorized to  
107 engage in business within this state. The surety bonds are  
108 conditioned upon faithful compliance with this article,  
109 including the filing of returns and the payment of all tax  
110 prescribed hereinin this article. The commissioner shall  
111 approve surety bonds shall be approved by the commissioner as  
112 to sufficiencythat are sufficient in content and form, and the



113       surety bonds shall indemnify the state against any loss  
114       arising from the failure of the licensee to pay, for any  
115       cause, the motor fuel excise tax levied by this article.

116           (f) A personal producer of CNG is not required to post  
117       a bond."

118           "§40-17-335

119           (a) Upon approval of the application by the department,  
120       the applicant shall file with the department a surety bondas  
121       herein provided:

122           (1) ~~Except as provided under subdivision (3), the~~The  
123       bond amount for an applicant for a license as a supplier,  
124       permissive supplier, or terminal operator shall be in the  
125       approximate amount of twice the average monthly tax liability,  
126       not to exceed two million dollars (\$2,000,000), except as  
127       provided under subdivision (3).

128           (2) ~~Except as provided under subdivision (3), the~~The  
129       bond amount for an applicant for a license as an exporter,  
130       blender, importer, or distributor shall be a minimum of two  
131       thousand dollars (\$2,000) or the approximate amount of twice  
132       the average monthly tax liability, whichever is greater,  
133       except as provided under subdivision (3).

134           (3) The bond for distributors, suppliers, and  
135       permissive suppliers who are licensed with the department on  
136       October 1, 2012, shall remain at the amount that is filed with  
137       the department on that date, except as provided under  
138       subsection (b).

139           (4) For an applicant for a license only as a motor fuel  
140       transporter or aviation fuel purchaser, there shall be no



141 bond.

142 (5) Only one bond shall be required of an applicant for  
143 multiple licenses. Except as provided under subdivision (3),  
144 the bond amount shall be based on the highest average monthly  
145 tax liability of the separate licenses, but shall cover all  
146 licenses.

147 (b) The commissioner may require an additional surety  
148 bond from any licensee if: ~~(1)(i)~~ the commissioner determines  
149 that the surety on an existing bond is unsatisfactory; ~~(2)(ii)~~  
150 a surety notifies the department that it intends to cancel a  
151 bond as provided in subsection (d); or ~~(3)(iii)~~ the  
152 commissioner, after reviewing the financial condition of the  
153 licensee, determines that the existing bond of the licensee is  
154 insufficient in an amount to insure the prompt payment of all  
155 excise taxes that are due or may become due the state by the  
156 licensee upon the sale or withdrawal of motor fuel. However,  
157 in no case shall a new or additional bond be more than two  
158 months of average excise tax owed by the licensee.

159 (c) The department shall notify a licensee at his or  
160 her last known address by first class U.S. mail or, at the  
161 option of the department, certified mail, return receipt  
162 requested, that ~~it~~the department is requiring ~~such~~a new or  
163 additional bond for any reason as provided above, and the  
164 licensee, within ~~30~~60 days from the date ~~such~~the notice is  
165 mailed by the department, shall either: ~~(1)(i)~~ file the new or  
166 additional bond as requested by the department~~;~~ or ~~(2)(ii)~~  
167 file a notice of appeal with the Alabama Tax Tribunal as  
168 allowed in Chapter 2B of this title. The department may



169 immediately cancel the licensee's license upon the expiration  
170 of the 3060-day period ~~set out above~~ if the licensee fails to  
171 either provide the new or additional bond requested by the  
172 department or timely appeal to the Alabama Tax Tribunal.

173 (d) Any surety on an existing bond furnished by a  
174 licensee may notify the department in writing of its intent to  
175 cancel the bond. The department shall immediately notify the  
176 licensee of the intent of the surety to cancel and the  
177 licensee shall have 3060 days from the date the notice is  
178 mailed by the department to provide a sufficient replacement  
179 bond as requested by the department. The department may  
180 immediately cancel the licensee's license upon expiration of  
181 the 3060-day period ~~set out above~~ if the licensee fails to  
182 either provide a new replacement bond as requested by the  
183 department or appeal the proposed revocation to the Alabama  
184 Tax Tribunal within the 3060 days as allowed by Chapter 2B of  
185 this title. The surety requesting to be released shall remain  
186 liable for any liability already accrued or which shall accrue  
187 during the 3060-day period ~~set out above~~, but shall not be  
188 responsible for any liability which accrues after the 3060-day  
189 period.

190 (e) A surety providing a bond must be authorized to  
191 engage in business within this state. The surety bonds are  
192 conditioned upon faithful compliance with ~~the provisions of~~  
193 this article, including the filing of returns and the payment  
194 of all tax prescribed herein in this article. The commissioner  
195 shall approve surety bonds ~~shall be approved by the~~  
~~commissioner as to sufficiency that are sufficient in content~~



197 and form, and the surety bonds shall indemnify the state  
198 against any loss arising from the failure of the licensee to  
199 pay, for any cause, the motor fuel excise tax levied by this  
200 article and Article 12A, Chapter 17 of this title."

201 "§40-17-353

202 (a) Upon the discovery of any motor fuel illegally  
203 imported into or illegally transported, delivered, stored, or  
204 sold in this state, the commissioner shall order the tank or  
205 other storage receptacle in which the motor fuel is located to  
206 be seized and locked or sealed until the tax, interest, and  
207 penalties levied under this article are assessed and paid.

208 (b) If the assessment for the ~~above~~ tax described in  
209 subsection(a) is not paid within 3060 days, the commissioner,  
210 in addition to the other remedies in this article, may sell  
211 the motor fuel and use the proceeds of the sale to satisfy the  
212 assessment due, with any excess funds after payment of the  
213 assessment and costs of the sale being returned to the owner  
214 of the motor fuel.

215 (c) All motor fuel and any property, tangible or  
216 intangible, which is found upon the person or in any vehicle  
217 which the person is using, including the vehicle itself, to  
218 transport or sell illegally transported, delivered, stored,  
219 sold, imported, or acquired motor fuel, and any property found  
220 in the immediate vicinity, including motor vehicles, tanks,  
221 and other storage devices, used to aid in the illegal  
222 transportation or sale of motor fuel, shall be considered  
223 contraband and shall be forfeited to this state."

224 Section 2. This act shall become effective immediately.