

1 HB256  
2 127359-3  
3 By Representative Johnson (R)  
4 RFD: Commerce and Small Business  
5 First Read: 22-MAR-11

ENGROSSED

A BILL  
TO BE ENTITLED  
AN ACT

To amend Section 40-12-264 of the Code of Alabama 1975, relating to motor vehicle dealer license plates, to limit the number of dealer license plates purchased by a licensed new motor vehicle dealer, a used motor vehicle dealer, and a new motorcycle dealer; to remove the provision allowing licensed motor vehicle wholesalers, rebuilders, and reconditioners to purchase dealer license plates; to limit the use of dealer license plates to certain individuals and to vehicles in the dealer's inventory; to permit licensed new and used motor vehicle dealers, wholesalers, rebuilders, and reconditioners to purchase dealer transit license plates; to disallow refunds of dealer license plates fees; to increase second and subsequent civil penalties for misuse of dealer and dealer transit license plates; to provide for a criminal penalty for willful misstatements in the purchase of dealer license plates; to authorize the department to deny a dealer regulatory license to a dealer who has unpaid civil penalties, and to require dealers to purchase license plates for vehicles withdrawn from inventory; and in connection therewith would have as its purpose or effect the requirement of a new or

1 increased expenditure of local funds within the meaning of  
2 Amendment 621 of the Constitution of Alabama of 1901, now  
3 appearing as Section 111.05 of the Official Recompilation of  
4 the Constitution of Alabama of 1901, as amended.

5 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

6 Section 1. Section 40-12-264, Code of Alabama 1975,  
7 is amended to read as follows:

8 "§40-12-264.

9 "(a) Any person, including a motor vehicle dealer,  
10 acquiring a new or used motor vehicle may be granted a grace  
11 period of 20 calendar days from date of acquisition to procure  
12 a license tag or plate.

13 "(b) A new or used motor vehicle dealer, ~~motor~~  
14 ~~vehicle wholesaler, motor vehicle rebuilder, or motor vehicle~~  
15 ~~reconditioner~~ who has a current dealer license as required by  
16 Sections 40-12-51 and 40-12-391, or Section 40-12-169, may  
17 purchase dealer license plates from the county license plate  
18 issuing official of the county in which the business is  
19 located upon presentation of a current dealer license from  
20 this state and payment of the fee for a private passenger  
21 automobile as provided in subdivision (1) of Section 40-12-242  
22 and subsection (a) of Section 40-12-273 per dealer plate. An  
23 additional \$1.75 issuance fee shall also be collected, which  
24 shall be deposited into the county general fund to be used  
25 exclusively for the operation of the issuing official's  
26 office. Motorcycle dealers licensed pursuant to Section  
27 40-12-51 or 40-12-62 may purchase motorcycle dealers' license

1 plates from the county in which the business is located upon  
2 presentation of a current license from this state and payment  
3 of the motorcycle registration fee as provided by subdivision  
4 (2) of Section 40-12-242 and subsection (c) of Section  
5 40-12-273 per license plate. The additional \$1.75 issuance fee  
6 shall also be collected, which shall be deposited into the  
7 county general fund to be used exclusively for the operation  
8 of the issuing official's office. ~~The Dealer license plates~~  
9 and motorcycle dealer license plates may only be used on  
10 ~~motorcycles~~ motor vehicles owned by the dealership and being  
11 held ~~for resale~~ in the inventory of the dealer. The number of  
12 dealer license plates is limited as follows:

13 "(1) A licensed new motor vehicle dealer may  
14 purchase a maximum of 25 dealer license plates unless the  
15 dealer qualifies for additional dealer license plates as  
16 provided for in subsection (4).

17 "(2) A licensed used motor vehicle dealer may  
18 purchase a maximum of 10 dealer license plates unless the  
19 dealer qualifies for additional dealer license plates as  
20 provided for in subsection (4).

21 "(3) A licensed motorcycle dealer may purchase a  
22 maximum of 10 motorcycle dealer license plates.

23 "(4) Any new or used motor vehicle dealer who  
24 completes applications for certificates of title involving  
25 title transfers for 1,500 or more motor vehicles in this state  
26 during the previous dealer regulatory license year may  
27 purchase not more than 25 additional dealer license plates.

1           "(c) Dealer license plates may be used by  
2 prospective purchasers, owners, partners, corporate officers,  
3 and employees of the dealership and only on vehicles owned by  
4 the dealership and being held ~~for resale at any time, by~~  
5 ~~anyone, for any purpose~~ in the inventory of the dealer. Dealer  
6 license plates shall not be used on vehicles that are utilized  
7 by the dealership as rental or lease vehicles, tow trucks,  
8 service trucks or vans, and other service vehicles. A  
9 prospective purchaser shall be limited to 72 hours of use of  
10 dealer license plates. All vehicles on temporary loan from a  
11 motor vehicle dealer to a customer whose vehicle is being  
12 serviced or repaired by the dealer or to a high school for the  
13 purpose of student driver education shall be considered dealer  
14 demonstrator vehicles and dealer license plates may be used on  
15 these vehicles provided a fee is not charged by the dealer for  
16 the use.

17           "(d) Licensed new and used motor vehicle dealers  
18 selling trucks or truck tractors with more than two axles on  
19 the power unit or a gross weight exceeding 26,000 pounds shall  
20 allow prospective purchasers to use dealer license plates for  
21 one payload trip only, and that use shall not exceed 72 hours.  
22 The dealer shall provide the prospective purchaser a permit  
23 fully describing the vehicle by make, model, year, and vehicle  
24 identification number. The permit shall contain the complete  
25 name and address of the dealership and of the prospective  
26 customer and shall clearly indicate the date and time the  
27 permit was issued. The permit and dealer license plate shall

1 be issued only for demonstration purposes, and shall not be  
2 issued by the dealer when a vehicle is loaned or rented to an  
3 operator for any other purpose.

4 "(e) A licensed new or used motor vehicle dealer or  
5 wholesaler may ~~use~~ purchase a maximum of 10 dealer transit  
6 license plates to be used on motor vehicles being offered for  
7 sale to licensed motor vehicle dealers. Dealer transit license  
8 plates may be used by the new or used motor vehicle dealer or  
9 a wholesaler to display, test, demonstrate, or transport  
10 vehicles within the ~~wholesale~~ inventory of the dealer or  
11 wholesaler. Dealer transit license plates shall not be used on  
12 service vehicles ~~owned by the wholesaler~~ including tow trucks,  
13 rental, or lease vehicles. The fees for dealer transit license  
14 plates shall be the same as the fees provided in subsection  
15 (b) for dealer license plates.

16 "(f) A licensed motor vehicle rebuilder or motor  
17 vehicle reconditioner may purchase a maximum of 10 use dealer  
18 transit license plates to be used in accordance with  
19 subsection (a) of Section 32-8-87.

20 "(g) Any manufacturer of private passenger  
21 automobiles, motorcycles, trucks, truck tractors, or trailers,  
22 ~~or manufactured homes~~ who has manufacturing facilities located  
23 in this state, may procure license plates from the county  
24 license plate issuing official of the county in which the  
25 business is located upon payment of the private passenger  
26 automobile ~~fee~~ or motorcycle fees per plate, as provided in  
27 ~~subdivision~~ subdivisions (1) or (2) of Section 40-12-242 and

1 ~~subsection~~ subsections (a) or (c) of Section 40-12-273. The  
2 word "manufacturer" shall appear on the license plates. The  
3 license plates may be used for transporting and testing new  
4 motor vehicles ~~or manufactured homes~~ owned by the  
5 manufacturer.

6 "(h) The proceeds of the fees levied ~~by subsections~~  
7 ~~(b) and (g)~~ in this section shall not be subject to proration.  
8 The fees collected ~~under subsections (b) and (g)~~ pursuant to  
9 this section shall be distributed by the county license plate  
10 issuing officials in the same manner as fees for private  
11 passenger automobiles and motorcycles pursuant to Sections  
12 40-12-269, 40-12-270, and 40-12-274. No fees provided in this  
13 section may be refunded.

14 "(i) No motor vehicle ad valorem taxes, registration  
15 fees imposed by local law, or issuance fees imposed by local  
16 law shall be collected by the county official who issues  
17 ~~dealer or manufacturer~~ license plates pursuant to this  
18 section. In addition, motor vehicle delinquency penalties and  
19 interest fees shall not be applicable when issuing ~~dealer or~~  
20 ~~manufacturer~~ license plates pursuant to this section.

21 "(j) Any person to whom license plates are issued  
22 under this section, upon forfeiture or revocation of his or  
23 her license under Section 40-12-390, et seq., or upon  
24 discontinuing business, shall surrender to the ~~county license~~  
25 ~~plate~~ issuing official ~~of the county in which the license~~  
26 ~~plates were issued~~ all license plates ~~so~~ issued within 10

1 calendar days from the date of forfeiture or revocation of  
2 license or discontinuing business.

3 "(k) ~~Dealer or manufacturer~~ Motor vehicle dealer,  
4 motorcycle dealer, manufacturer, or dealer transit license  
5 plates may not be used in lieu of regular issued license  
6 plates as a means of avoiding the registration and ad valorem  
7 tax requirements of this chapter. Any person who willfully  
8 violates this section of law shall be subject to a Department  
9 of Revenue penalty of ~~not less than~~ one hundred dollars (\$100)  
10 for the first violation and ~~not more than three~~ five hundred  
11 dollars ~~(\$300)~~ (\$500) for each subsequent violation.

12 "(l) A licensed new or used motor vehicle dealer  
13 shall register any motor vehicle and purchase an Alabama  
14 license plate of the proper classification for any motor  
15 vehicle withdrawn from the inventory of the dealer.

16 "(m) A motor vehicle dealer, motorcycle dealer,  
17 dealer transit, or manufacturer license plate may be replaced  
18 in accordance with Section 40-12-265.

19 "(n) Any person who makes willful misstatements or  
20 files documents with erroneous information in order to obtain  
21 motor vehicle dealer, motorcycle dealer, dealer transit, or  
22 manufacturer license plates shall be guilty of a Class A  
23 misdemeanor subject to criminal penalties as provided by law,  
24 and may be assessed a civil penalty of one thousand dollars  
25 (\$1,000) by the department.

26 "(o) A new or used motor vehicle dealer, motor  
27 vehicle reconditioner, motor vehicle rebuilder, or motor



1 vehicle wholesaler, licensed pursuant to Sections 40-12-51,  
2 40-12-169, or 40-12-391; a motorcycle dealer, licensed  
3 pursuant to Section 40-12-62; or a manufacturer of private  
4 passenger automobiles, motorcycles, trucks, truck tractors, or  
5 trailers, licensed pursuant to Section 40-12-87, is prohibited  
6 from renewing his or her license if the new or used motor  
7 vehicle dealer, motor vehicle reconditioner, motor vehicle  
8 rebuilder, motor vehicle wholesaler, motorcycle dealer, or  
9 manufacturer fails to pay any outstanding liabilities  
10 resulting from the assessment of penalties provided in this  
11 section."

12           Section 2. All laws or parts of laws which conflict  
13 with this act are repealed.

14           Section 3. This act shall become effective on  
15 October 1, 2011, following its passage and approval by the  
16 Governor, or its otherwise becoming law.

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House of Representatives

Read for the first time and re-  
ferred to the House of Representa-  
tives committee on Commerce and  
Small Business..... . . . . 22-MAR-11

Read for the second time and placed  
on the calendar..... . . . . 31-MAR-11

Read for the third time and passed  
as amended..... . . . . 19-APR-11

Yeas 91, Nays 0, Abstains 0

Greg Pappas  
Clerk