

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

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8 SYNOPSIS: Under existing law, a motor vehicle dealer  
9 or a motorcycle dealer may purchase dealer license  
10 plates. The number of dealer license plates and the  
11 use of the plates on motor vehicles owned by the  
12 dealership is not limited. Also, a motor vehicle  
13 wholesaler, rebuilder, or reconditioner is  
14 authorized to purchase dealer license plates.

15 This bill would provide that a new motor  
16 vehicle dealer could purchase a maximum of 25  
17 plates and a used motor vehicle dealer or a new  
18 motorcycle dealer could purchase a maximum of 10  
19 plates. The bill would specify permissible uses of  
20 dealer license plates. The bill would remove the  
21 authority of licensed motor vehicle wholesalers,  
22 rebuilders, and reconditioners to purchase dealer  
23 license plates. The bill would authorize new and  
24 used licensed motor vehicle dealers, wholesalers,  
25 rebuilders, and reconditioners to purchase a  
26 maximum of 10 dealer transit license plates.

1                   This bill would further provide civil and  
2 criminal penalties for violations.

3                   Amendment 621 of the Constitution of Alabama  
4 of 1901, now appearing as Section 111.05 of the  
5 Official Recompilation of the Constitution of  
6 Alabama of 1901, as amended, prohibits a general  
7 law whose purpose or effect would be to require a  
8 new or increased expenditure of local funds from  
9 becoming effective with regard to a local  
10 governmental entity without enactment by a 2/3 vote  
11 unless: it comes within one of a number of  
12 specified exceptions; it is approved by the  
13 affected entity; or the Legislature appropriates  
14 funds, or provides a local source of revenue, to  
15 the entity for the purpose.

16                   The purpose or effect of this bill would be  
17 to require a new or increased expenditure of local  
18 funds within the meaning of the amendment. However,  
19 the bill does not require approval of a local  
20 governmental entity or enactment by a 2/3 vote to  
21 become effective because it comes within one of the  
22 specified exceptions contained in the amendment.

23  
24                   A BILL  
25                   TO BE ENTITLED  
26                   AN ACT  
27

1           To amend Section 40-12-264 of the Code of Alabama  
2           1975, relating to motor vehicle dealer license plates, to  
3           limit the number of dealer license plates purchased by a  
4           licensed new motor vehicle dealer, a used motor vehicle  
5           dealer, and a new motorcycle dealer; to remove the provision  
6           allowing licensed motor vehicle wholesalers, rebuilders, and  
7           reconditioners to purchase dealer license plates; to limit the  
8           use of dealer license plates to certain individuals and to  
9           vehicles in the dealer's inventory; to permit licensed new and  
10          used motor vehicle dealers, wholesalers, rebuilders, and  
11          reconditioners to purchase dealer transit license plates; to  
12          disallow refunds of dealer license plates fees; to increase  
13          second and subsequent civil penalties for misuse of dealer and  
14          dealer transit license plates; to provide for a criminal  
15          penalty for willful misstatements in the purchase of dealer  
16          license plates; to authorize the department to deny a dealer  
17          regulatory license to a dealer who has unpaid civil penalties,  
18          and to require dealers to purchase license plates for vehicles  
19          withdrawn from inventory; and in connection therewith would  
20          have as its purpose or effect the requirement of a new or  
21          increased expenditure of local funds within the meaning of  
22          Amendment 621 of the Constitution of Alabama of 1901, now  
23          appearing as Section 111.05 of the Official Recompilation of  
24          the Constitution of Alabama of 1901, as amended.

25          BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

1           "§40-12-264.

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

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

1 of the issuing official's office. ~~The Dealer license plates~~  
2 and motorcycle dealer license plates may only be used on  
3 ~~motorcycles~~ motor vehicles owned by the dealership and being  
4 held ~~for resale~~ in the inventory of the dealer. The number of  
5 dealer license plates is limited as follows:

6 "(1) A licensed new motor vehicle dealer may  
7 purchase a maximum of 25 dealer license plates.

8 "(2) A licensed used motor vehicle dealer may  
9 purchase a maximum of 10 dealer license plates.

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

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

1           "(d) Licensed new and used motor vehicle dealers  
2 selling trucks or truck tractors with more than two axles on  
3 the power unit or a gross weight exceeding 26,000 pounds shall  
4 allow prospective purchasers to use dealer license plates for  
5 one payload trip only, and that use shall not exceed 72 hours.  
6 The dealer shall provide the prospective purchaser a permit  
7 fully describing the vehicle by make, model, year, and vehicle  
8 identification number. The permit shall contain the complete  
9 name and address of the dealership and of the prospective  
10 customer and shall clearly indicate the date and time the  
11 permit was issued. The permit and dealer license plate shall  
12 be issued only for demonstration purposes, and shall not be  
13 issued by the dealer when a vehicle is loaned or rented to an  
14 operator for any other purpose.

15           "(e) A licensed new or used motor vehicle dealer or  
16 wholesaler may ~~use~~ purchase a maximum of 10 dealer transit  
17 license plates to be used on motor vehicles being offered for  
18 sale to licensed motor vehicle dealers. Dealer transit license  
19 plates may be used by the new or used motor vehicle dealer or  
20 a wholesaler to display, test, demonstrate, or transport  
21 vehicles within the ~~wholesale~~ inventory of the dealer or  
22 wholesaler. Dealer transit license plates shall not be used on  
23 service vehicles ~~owned by the wholesaler~~ including tow trucks,  
24 rental, or lease vehicles. The fees for dealer transit license  
25 plates shall be the same as the fees provided in subsection  
26 (b) for dealer license plates.

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

5           "(g) Any manufacturer of private passenger  
6 automobiles, motorcycles, trucks, truck tractors, or trailers,  
7 ~~or manufactured homes~~ who has manufacturing facilities located  
8 in this state, may procure license plates from the county  
9 license plate issuing official of the county in which the  
10 business is located upon payment of the private passenger  
11 automobile ~~fee~~ or motorcycle fees per plate, as provided in  
12 ~~subdivision~~ subdivisions (1) or (2) of Section 40-12-242 and  
13 ~~subsection~~ subsections (a) or (c) of Section 40-12-273. The  
14 word "manufacturer" shall appear on the license plates. The  
15 license plates may be used for transporting and testing new  
16 motor vehicles ~~or manufactured homes~~ owned by the  
17 manufacturer.

18           "(h) The proceeds of the fees levied ~~by subsections~~  
19 ~~(b) and (g)~~ in this section shall not be subject to proration.  
20 The fees collected ~~under subsections (b) and (g)~~ pursuant to  
21 this section shall be distributed by the county license plate  
22 issuing officials in the same manner as fees for private  
23 passenger automobiles and motorcycles pursuant to Sections  
24 40-12-269, 40-12-270, and 40-12-274. No fees provided in this  
25 section may be refunded.

26           "(i) No motor vehicle ad valorem taxes, registration  
27 fees imposed by local law, or issuance fees imposed by local



1 law shall be collected by the county official who issues  
2 ~~dealer or manufacturer~~ license plates pursuant to this  
3 section. In addition, motor vehicle delinquency penalties and  
4 interest fees shall not be applicable when issuing ~~dealer or~~  
5 ~~manufacturer~~ license plates pursuant to this section.

6 "(j) Any person to whom license plates are issued  
7 under this section, upon forfeiture or revocation of his or  
8 her license under Section 40-12-390, et seq., or upon  
9 discontinuing business, shall surrender to the ~~county license~~  
10 ~~plate~~ issuing official ~~of the county in which the license~~  
11 ~~plates were issued~~ all license plates ~~so~~ issued within 10  
12 calendar days from the date of forfeiture or revocation of  
13 license or discontinuing business.

14 "(k) ~~Dealer or manufacturer~~ Motor vehicle dealer,  
15 motorcycle dealer, manufacturer, or dealer transit license  
16 plates may not be used in lieu of regular issued license  
17 plates as a means of avoiding the registration and ad valorem  
18 tax requirements of this chapter. Any person who willfully  
19 violates this section of law shall be subject to a Department  
20 of Revenue penalty of ~~not less than~~ one hundred dollars (\$100)  
21 for the first violation and ~~not more than three~~ five hundred  
22 dollars ~~(\$300)~~ (\$500) for each subsequent violation.

23 "(l) A licensed new or used motor vehicle dealer  
24 shall register any motor vehicle and purchase an Alabama  
25 license plate of the proper classification for any motor  
26 vehicle withdrawn from the inventory of the dealer.

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

4           "(n) Any person who makes willful misstatements or  
5 files documents with erroneous information in order to obtain  
6 motor vehicle dealer, motorcycle dealer, dealer transit, or  
7 manufacturer license plates shall be guilty of a Class A  
8 misdemeanor subject to criminal penalties as provided by law,  
9 and may be assessed a civil penalty of one thousand dollars  
10 (\$1,000) by the department.

11           "(o) A new or used motor vehicle dealer, motor  
12 vehicle reconditioner, motor vehicle rebuilder, or motor  
13 vehicle wholesaler, licensed pursuant to Sections 40-12-51,  
14 40-12-169, or 40-12-391; a motorcycle dealer, licensed  
15 pursuant to Section 40-12-62; or a manufacturer of private  
16 passenger automobiles, motorcycles, trucks, truck tractors, or  
17 trailers, licensed pursuant to Section 40-12-87, is prohibited  
18 from renewing his or her license if the new or used motor  
19 vehicle dealer, motor vehicle reconditioner, motor vehicle  
20 rebuilder, motor vehicle wholesaler, motorcycle dealer, or  
21 manufacturer fails to pay any outstanding liabilities  
22 resulting from the assessment of penalties provided in this  
23 section."

24           Section 2. All laws or parts of laws which conflict  
25 with this act are repealed.

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