

1 HB302  
2 197281-5  
3 By Representative Rowe  
4 RFD: Public Safety and Homeland Security  
5 First Read: 02-APR-19

1  
2 ENROLLED, An Act,

3 To amend Sections 32-7A-2, 32-7A-5, 32-7A-8,  
4 32-7A-11, and 32-7A-12, Code of Alabama 1975, Code of Alabama  
5 1975, relating to the Mandatory Liability Insurance Law; to  
6 update definitions; to eliminate the four-month suspension of  
7 registration for second and subsequent violations; to allow  
8 voluntary surrender of vehicle registration and license plate  
9 prior to a lapse in liability coverage or within 30 days from  
10 the department notice date when the vehicle is inoperable or  
11 being stored; to update the due date, cap, and authorized uses  
12 for the Special Licensing Officials' Fund.

13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

14 Section 1. Sections 32-7A-2, 32-7A-5, 32-7A-8,  
15 32-7A-11, and 32-7A-12, Code of Alabama 1975, are amended to  
16 read as follows:

17 "§32-7A-2.

18 "For the purposes of this chapter, the following  
19 terms shall have the following meanings respectively ascribed  
20 to them in this section, except in those instances where the  
21 context clearly indicates a different meaning:

22 "(1) CERTIFICATE OF INSURANCE. A document issued by  
23 an insurer or its authorized representative showing that a  
24 specific vehicle is insured for no less than the minimum  
25 limits of liability coverage for bodily injury or death and

1 for destruction of property under subsection (c) of Section  
2 32-7-6.

3 "(2) COMMERCIAL AUTOMOBILE LIABILITY INSURANCE  
4 POLICY. An insurance policy that:

5 "a. Is written on either a commercial coverage or  
6 other commercially rated personal policy form, including, but  
7 not limited to, a commercial auto, garage, or truckers form,  
8 and is not dependent on the type, number, or ownership of  
9 vehicle or entity covered or insured.

10 "b. Insures vehicles that are not identified  
11 individually by vehicle identification number on the policy.

12 "(3) COMMISSIONER. The Commissioner of the  
13 Department of Revenue or his or her designee.

14 "(4) DEALER. Any person dealing in, buying, selling,  
15 exchanging, advertising, or negotiating the sale of motor  
16 vehicles and licensed under the provisions of Section  
17 40-12-391.

18 "(5) DECLARATIONS PAGE. That part of an insurance  
19 policy showing the name of the insured, insuring company, the  
20 vehicle make, the year model, the vehicle identification  
21 number (VIN), the policy number, the amount of coverage or  
22 coverages, and the effective and expiration dates of the  
23 policy.

24 "(6) DEPARTMENT. The Department of Revenue.

1           "(7) DEPOSIT OF CASH. Funds deposited with and held  
2 by the State Treasurer as security for payment by the  
3 depositor, or by any person responsible for the depositor's  
4 motor vehicle with his or her express or implied consent, of  
5 all judgments rendered against the depositor or other  
6 authorized operator of the depositor's motor vehicle arising  
7 from injury, death, or damage sustained through use,  
8 operation, maintenance, or control of the motor vehicle within  
9 the State of Alabama.

10           "(8) DIRECTOR. ~~The Director of Public Safety of the~~  
11 ~~State of Alabama~~ Secretary of the Alabama Law Enforcement  
12 Agency, or his or her designee.

13           "(9) INSURANCE BINDER. A document issued by an  
14 insurer or its authorized representative showing that a  
15 specific vehicle is insured for no less than the minimum  
16 limits of liability coverage for bodily injury or death and  
17 for destruction of property under subsection (c) of Section  
18 32-7-6.

19           "(10) INSURANCE COMMISSIONER. The Commissioner of  
20 the Department of Insurance, or his or her designee.

21           "(11) LIABILITY INSURANCE POLICY. An owner's or an  
22 operator's personal automobile liability insurance policy,  
23 issued by an insurance carrier duly authorized to transact  
24 business in this state.

1           "(12) MOTOR VEHICLE. Every self-propelled vehicle  
2 that is designed to be operated on the streets and highways of  
3 Alabama, but not operated upon rails.

4           "(13) MOTOR VEHICLE LIABILITY BOND. A bond of a  
5 surety company duly authorized to transact business in this  
6 state, which is conditioned for payments in amounts and under  
7 the same circumstances as would be required in a motor vehicle  
8 liability insurance policy.

9           "(14) NAIC NUMBER. A unique identification number  
10 assigned to the insurance company by the National Association  
11 of Insurance Commissioners.

12           "(15) NON-ADMITTED COMPANY. An insurance company not  
13 licensed to conduct business in this state which sells  
14 coverage that is unavailable from licensed insurers within  
15 this state.

16           "(16) NON-OWNER POLICY. An insurance policy issued  
17 for persons who drive but do not own the insured vehicle.

18           "(17) ONLINE INSURANCE VERIFICATION SYSTEM. An  
19 online insurance verification system using web services as  
20 defined in Section 32-7B-2 ~~(6)~~.

21           "(18) OPERATOR. Every person who is in actual  
22 physical control of a motor vehicle.

23           "(19) OWNER. Any of the following persons:

24           "a. A person or persons holding the legal title to a  
25 motor vehicle, unless paragraph b. or c. is applicable.

1            "b. The mortgagor, debtor, conditional vendee, or  
2            lessee of a vehicle that is the subject of a chattel mortgage,  
3            lien, agreement for the conditional sale thereof, lease or  
4            other like agreement with the right of purchase upon  
5            performance of the conditions stated in the agreement and with  
6            the immediate right of possession vested in the mortgagor,  
7            debtor, conditional vendee, or lessee, in which event the  
8            mortgagor, debtor, conditional vendee, or lessee shall be  
9            deemed the owner for purposes of this chapter.

10           "c. The lessee of a vehicle owned by the United  
11           States of America or any of its agencies or instrumentalities.

12           "(20) PERSON. Every natural person, firm,  
13           partnership, association, estate, trust, corporation, limited  
14           liability partnership, limited liability company, or other  
15           entity.

16           "(21) REGISTRANT. Vehicle owner or operator, who is  
17           issued a registration for a motor vehicle.

18           "(22) REGISTRATION. Certificate or certificates and  
19           license plates issued under the laws of this state pertaining  
20           to the registration of motor vehicles.

21           "(23) SIGNATURE. A unique mark, process, or  
22           verification in a manner prescribed by the department, as  
23           provided in Section 40-1-1.

24           "(24) STATE. Any state, territory or possession of  
25           the United States, the District of Columbia, any province or

1 territory of the Dominion of Canada, or a state of the  
2 Republic of Mexico.

3 "(25) SUSPENSION. The withdrawal by formal action of  
4 the department of a vehicle's registration as specified by  
5 this chapter.

6 "The terms "liability insurance policy," "deposit of  
7 cash," and a "motor vehicle liability bond" are used  
8 interchangeably throughout this chapter.

9 "§32-7A-5.

10 "This chapter shall not apply to any of the  
11 following vehicles or operators:

12 "(1) Trailers as defined in Section 40-12-240,  
13 including, but not limited to, semitrailers, travel trailers,  
14 boat trailers, pole trailers, and utility trailers.

15 "(2) Motor vehicles owned and operated by the United  
16 States or any agency thereof, the State of Alabama, or any  
17 political or governmental subdivision thereof.

18 "(3) Any motor vehicle which is subject to the  
19 supervision and regulation of the Federal Motor Carrier Safety  
20 Administration or the Alabama Public Service Commission and  
21 for which the owner and/or operator has filed evidence of  
22 financial responsibility, the liability under which is not  
23 less than that required of the operator of a motor vehicle  
24 under the terms of this chapter.

1           "(4) Motor vehicles covered by a certificate of  
2 self-insurance issued by the director under the provisions of  
3 Section 32-7-34.

4           "(5) Other motor vehicles complying with laws which  
5 require the vehicles to be insured in amounts meeting or  
6 exceeding the minimum amounts required under Section  
7 32-7-6(c).

8           "(6) Implements of husbandry as defined in Section  
9 32-8-2 ~~(5)~~.

10          "(7) Any vehicle moved solely by animal power.

11          "(8) Special mobile equipment, as defined in Section  
12 32-8-2 ~~(20)~~.

13          "(9) Inoperable or stored motor vehicles ~~that are~~  
14 ~~not operated, as defined by rules and regulations of the~~  
15 ~~department and not subject to the provisions of Section~~  
16 ~~32-7A-7~~ for which the registrant has surrendered the  
17 registration and associated license plate in accordance with  
18 the rules promulgated by the department prior to the motor  
19 vehicle no longer being covered by a liability insurance  
20 policy required by this chapter.

21          "(10) Motor vehicles owned by a licensed motor  
22 vehicle dealer, wholesaler, or ~~rebuilder, or reconditioner~~ and  
23 held in inventory that are covered by a blanket liability  
24 insurance policy or commercial automobile liability insurance  
25 policy.



1           "(11) Vehicles properly registered in another  
2 jurisdiction and not legally required to be registered  
3 pursuant to Chapter 12 of Title 40.

4           (12) Vehicles owned by a bank, a subsidiary or  
5 affiliate of a bank, or finance company, acquired as an  
6 incident to their regular business, that are covered by a  
7 blanket liability insurance policy or commercial automobile  
8 liability insurance policy.

9           "(13) Vehicles as prescribed by the commissioner  
10 that are covered by a blanket liability insurance policy or  
11 commercial automobile liability insurance policy.

12           "§32-7A-8.

13           "~~If~~ When the department determines that an owner has  
14 registered or maintained the registration of a motor vehicle  
15 without a liability insurance policy or a commercial  
16 automobile liability insurance policy in accordance with  
17 Section 32-7A-4, the department shall, following the  
18 expiration of the 30-day period from the date of the notice  
19 provided under Section 32-7A-11, notify the owner that such  
20 owner's vehicle registration ~~shall be~~ has been suspended ~~30~~  
21 ~~calendar days after the date of the mailing of the notice~~  
22 ~~unless the owner furnishes evidence of insurance in effect on~~  
23 ~~the verification date, as prescribed by the department.~~ The  
24 notice shall be in writing and shall be mailed by the U.S.  
25 Postal Service, to the registrant's last known address as

1 reflected on the department's motor vehicle registration  
2 records. The notice shall set forth the appeal rights  
3 available to the registered owner pursuant to Chapter 2A of  
4 Title 40.

5 "§32-7A-11.

6 "a) When the department is unable to verify that  
7 liability insurance coverage exists for a motor vehicle  
8 registered or required to be registered in this state, the  
9 department shall send the registrant notice via USPS mail at  
10 the last known address as reflected on the department's motor  
11 vehicle registration records. The notice shall require that  
12 the registrant, within 30 calendar days of the date of the  
13 notice, provide evidence of continuous liability insurance  
14 coverage for the vehicle for the period specified by the  
15 department. The registration will be suspended unless either:

16 "(1) The registrant responds within the required  
17 time frame and the response establishes that the registrant  
18 has not had a lapse in liability insurance coverage. The  
19 department shall then indicate in its records that the insured  
20 is in compliance with this chapter.

21 "(2) The registrant responds within the required  
22 time frame that, after the registration date, he or she did  
23 not operate the vehicle during the lapse in coverage due to  
24 the motor vehicle being stored, inoperable, or otherwise  
25 unused as prescribed by the department. The registrant may

1 claim the stored or inoperable exemption provided under this  
2 subdivision only if all of the following conditions are  
3 satisfied:

4 "a. The registrant surrenders the registration and  
5 associated license plate to the registrant's license plate  
6 issuing official within 30 days from the date of the notice  
7 sent pursuant to subsection (a).

8 "b. The registrant has not claimed a stored or  
9 inoperable exemption under this subdivision during the current  
10 registration period for the registered vehicle.

11 "c. During the lapse in coverage, the registered  
12 vehicle was not involved in an accident while operated on a  
13 public road or highway.

14 "d. During the lapse in coverage, the registrant or  
15 a driver of the registered vehicle was not subject to or  
16 issued a citation while operating the registered vehicle on a  
17 public road or highway.

18 ~~The~~ If each of these conditions is satisfied, the  
19 current registration shall~~then~~ be revoked and the department  
20 shall update its records to reflect that the registration is  
21 revoked for the remainder of the registration period. In the  
22 event the motor vehicle for which the registration has been  
23 revoked is no longer stored, inoperable, or otherwise unused  
24 as prescribed by the department, a new registration and  
25 license plate must be obtained prior to operating the vehicle.

1 The department may by establish by rule an extension to the 30  
2 day surrender period if the registrant cannot return the  
3 license plate for good cause.

4 "(b) Except as provided in Section 32-7A-11(a) (2),  
5 ~~If~~ if the registrant subsequently provides, in a manner as  
6 prescribed by the department, proof of subsequent liability  
7 insurance coverage for the vehicle during the current  
8 registration period then the registration shall be reinstated.

9 "(c) Any operator of a motor vehicle for which the  
10 registration has been revoked shall be subject to citation by  
11 law enforcement in accordance with Section 32-7A-16.

12 "(d) The notice required under subsection (a) shall  
13 include notice of the following:

14 "(1) That the stored or inoperable exemption  
15 provided for in subdivision (a) (2) can be claimed only once  
16 during a registration period.

17 "(2) That once this exemption is claimed during a  
18 registration period, reinstatement of the vehicle's  
19 registration following any further lapse in coverage during  
20 the registration period will require the payment of the  
21 reinstatement fees provided under Section 32-7A-12.

22 "§32-7A-12.

23 "(a) The department shall suspend the vehicle  
24 registration of any motor vehicle determined to be in  
25 violation of Section 32-7A-4, including any motor vehicle

1 operated in violation of Section 32-7A-16 by an operator other  
 2 than the owner of the vehicle. Neither the fact that,  
 3 subsequent to the date of verification or violation, the owner  
 4 acquired the required liability insurance policy nor the fact  
 5 that the owner terminated ownership of the motor vehicle shall  
 6 have any bearing upon the required suspension.

7 "(b) The registration of any motor vehicle  
 8 registered in this state shall be suspended upon the  
 9 department receiving notice of the conviction of the operator  
 10 of the motor vehicle in another state of an offense which, if  
 11 committed in this state, would constitute a violation of  
 12 Section 32-7A-4. Until it is terminated, any suspension under  
 13 this chapter shall remain in force even if the registration is  
 14 renewed or a new registration is acquired for the motor  
 15 vehicle contrary to Section 32-7A-17.

16 "(c) In the case of a first violation, the  
 17 department shall terminate the suspension upon payment by the  
 18 owner of a reinstatement fee of two hundred dollars (\$200) in  
 19 a manner as prescribed by the department and submission of  
 20 proof of current insurance as prescribed by the department to  
 21 either ~~the department,~~ the vehicle owner's county license  
 22 plate issuing official, the circuit clerk of any county, or  
 23 the Administrative Office of Courts. Upon a first violation,  
 24 the owner's name and identifying information shall be provided  
 25 to the director by the department, for the purpose of

1 requiring the owner to purchase and maintain insurance  
2 pursuant to Section 32-7-13 or Section 32-7-31, or both, for a  
3 period of one year.

4 "(d) In the case of a second or subsequent violation  
5 by a person having ownership interest in a motor vehicle or  
6 vehicles within the preceding ~~four~~ two registration years, or  
7 a violation of Section 32-7A-16(b) (2), the department shall  
8 terminate the suspension ~~four months after its effective date~~  
9 upon payment by the owner of a reinstatement fee of four  
10 hundred dollars (\$400) in a manner as prescribed by the  
11 department and submission of proof of current insurance as  
12 prescribed by the department ~~to either the department or to~~  
13 the vehicle owner's county license plate issuing official, the  
14 circuit clerk of any county, or the Administrative Office of  
15 Courts. In the case of a second or subsequent violation, the  
16 owner's name and identifying information shall be provided to  
17 the director by the department, for the purpose of the  
18 director requiring the owner to purchase and maintain  
19 insurance pursuant to Section 32-7-13 or Section 32-7-31, or  
20 both, for a period of ~~three~~ two registration years. Upon  
21 conviction of a second offense the violator shall be guilty of  
22 a Class B misdemeanor.

23 ~~"(e) The registrant shall not be subject to the~~  
24 ~~reinstatement fees provided by subsections (c) and (d) and the~~  
25 ~~department shall terminate the suspension if the department or~~

1 ~~official establishes that, upon presentation of proof of~~  
2 ~~liability insurance coverage for the insurance verification~~  
3 ~~date, the registrant did not have a lapse in liability~~  
4 ~~insurance coverage.~~

5 (e) The registrant shall not be subject to the  
6 reinstatement fees provided in subsections (c) and (d) and the  
7 suspension shall be terminated if it can be verified that  
8 liability coverage was in effect on the insurance verification  
9 date.

10 ~~"(e) (f)~~ In accepting the reinstatement fee and  
11 proof of current insurance, the owner's county license plate  
12 issuing official, the circuit clerk of any county, or the  
13 Administrative Office of Courts shall be responsible for  
14 notifying and forwarding, not later than the next business  
15 day, any required documentation concerning the reinstatement  
16 of motor vehicle registration or registrations to the  
17 department in the manner prescribed by the department.

18 ~~"(f) (g)~~ Except as provided in subsections ~~(g) (h)~~  
19 and ~~(i)~~, (j) a portion of the fees received under this section  
20 by the department shall be used by the department exclusively  
21 for the operation and management of the mandatory liability  
22 insurance law and this article. After the payment of the  
23 expenses, the remaining funds shall be deposited into the  
24 General Fund; provided, if the fees are collected by the  
25 owner's county license plate issuing official, the official

1 shall remit the fee to the department, except for ~~10~~ (15)  
2 percent of the fee, which shall be retained by the official  
3 and distributed 50 percent to the county license plate issuing  
4 official and 50 percent to the county general fund. The  
5 retained fees distributed to the county license plate issuing  
6 official shall be deposited into a special fund designated as  
7 the Special Licensing Officials' Fund. The special fund shall  
8 be used for taxpayer education of the requirements of Title  
9 32, Chapter 7A, the improvement of the equipment and  
10 operations in the office of the licensing official charged  
11 with motor vehicle registration and titling responsibilities  
12 and shall be in addition to the amount budgeted for the office  
13 of the official. Fees deposited into the special fund shall be  
14 disbursed at the sole discretion of the license plate issuing  
15 official and shall be audited by the Examiners of Public  
16 Accounts. Such moneys in the special fund shall not ~~accumulate~~  
17 ~~in excess of ten thousand dollars (\$10,000) during~~ exceed  
18 twenty-five thousand dollars ~~(25,000)~~ (\$25,000) at the end of  
19 any fiscal year, provided however that balances in excess of  
20 the twenty-five thousand ~~(\$25,000)~~ (\$25,000) cap may be carried  
21 over on a monthly basis prior to the close of each fiscal  
22 year. Any excess moneys shall accrue to the county general  
23 fund. License plate issuing officials shall remit the balance  
24 of the funds to the department in the manner prescribed by the



1 department ~~by the 10th~~ on or before the 20th day of the month  
2 following the month of collection.

3 ~~"(g)~~ (h) If the reinstatement fees are collected by  
4 the Administrative Office of Courts, it shall remit the fee to  
5 the department, except for 15 percent of the fee, which shall  
6 be retained in its entirety by the Administrative Office of  
7 Courts. If the reinstatement fees are collected by the circuit  
8 clerk, it shall remit the fee to the department, except for 15  
9 percent of the fee, which shall be retained by the circuit  
10 clerk and distributed evenly between the circuit clerk's  
11 office and the Administrative Office of Courts. Any portion of  
12 the reinstatement fee due to the Administrative Office of  
13 Courts shall be deposited into the Advanced Technology and  
14 Data Exchange Fund established pursuant to Section 12-19-290.  
15 Any portion of the reinstatement fee due to the circuit clerk  
16 shall be deposited into the Clerk's Fund established pursuant  
17 to Section 12-17-225.4(2).

18 ~~"(h)~~ (i) Refunds of reinstatement fees, less the  
19 retained fees, shall be granted in cases of duplicate payment,  
20 or as approved by the department. Anyone who is denied a  
21 refund of the reinstatement fee may appeal the denial to the  
22 ~~administrative law judge~~ Alabama Tax Tribunal pursuant to  
23 Section 40-2A-7.

24 ~~"(i)~~ (j) Notwithstanding the provisions of  
25 subsection ~~(f)~~ (g), 15 percent of the net proceeds received by

1 the department shall be deposited by the department into the  
2 Alabama Peace Officers' Annuity and Benefit Fund, as  
3 authorized by Section 36-21-66.

4 "~~(j)~~ (k)It shall be unlawful for the vehicle owner's  
5 county license plate issuing official to fail to collect such  
6 reinstatement fees, when due. Additionally, the reinstatement  
7 fee shall not be waived by the court when the vehicle owner  
8 cannot produce evidence that a valid liability insurance  
9 policy was in effect on the date a citation was issued for  
10 violation of the provisions of this chapter.

11 "~~(k)~~ (l)The terms circuit clerk and circuit clerk's  
12 office as used in any part of this chapter shall also include  
13 any district clerk or district clerk's office that functions  
14 separately from the office of the circuit clerk pursuant to  
15 Section 12-17-161."

16 Section 2. The department shall provide the  
17 licensing plate issuing official the ability to dispose of  
18 unused and surrendered license plates in a uniform manner as  
19 prescribed by the department and provide guidance to  
20 registrants on the disposal and surrender of a license plate  
21 when a license plate transfer is not an available option.

22 Section 3. This act shall become effective January  
23 1, 2020, following its passage and approval by the Governor,  
24 or upon its otherwise becoming law.

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Speaker of the House of Representatives

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President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in  
and was passed by the House 22-MAY-19, as amended.

Jeff Woodard  
Clerk

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Senate    29-MAY-19    Passed

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