

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

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8 SYNOPSIS: Under existing law, a county license plate  
9 issuing official, the circuit clerk of a county, or  
10 the Administrative Office of Courts collect a  
11 reinstatement fee when a person is applying to have  
12 his or her suspension of vehicle registration  
13 reinstated for failure to have the mandatory  
14 liability insurance required by state law. Second  
15 or subsequent violations of the mandatory liability  
16 insurance law require a four-month suspension of  
17 vehicle registration in addition to the payment of  
18 a reinstatement fee. A portion of the reinstatement  
19 fees collected by officials are deposited into the  
20 Special Licensing Officials' Fund.

21 This bill eliminates the four-month  
22 suspension of registration for second and  
23 subsequent mandatory liability insurance violations  
24 and removes suspensions that are older than the  
25 current registration period and two prior  
26 registration years. This bill allows a registrant  
27 to voluntarily surrender their vehicle registration

1 and associated license plate prior to a lapse in  
2 liability insurance coverage or within 30 days from  
3 the department notice date when the vehicle is  
4 inoperable or being stored with no more than one  
5 surrender per registration period. This bill also  
6 aligns the due date for licensing officials to  
7 remit reinstatement fees and updates the cap and  
8 authorized uses of the Special Licensing Officials'  
9 Fund.

10  
11 A BILL  
12 TO BE ENTITLED  
13 AN ACT  
14

15 To amend Sections 32-7A-2, 32-7A-5, 32-7A-8,  
16 32-7A-11, and 32-7A-12, Code of Alabama 1975, Code of Alabama  
17 1975, relating to the Mandatory Liability Insurance Law; to  
18 update definitions; to eliminate the four-month suspension of  
19 registration for second and subsequent violations; to allow  
20 voluntary surrender of vehicle registration and license plate  
21 prior to a lapse in liability coverage or within 30 days from  
22 the department notice date when the vehicle is inoperable or  
23 being stored; to update the due date, cap, and authorized uses  
24 for the Special Licensing Officials' Fund.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

4           "§32-7A-2.

5           "For the purposes of this chapter, the following  
6 terms shall have the following meanings respectively ascribed  
7 to them in this section, except in those instances where the  
8 context clearly indicates a different meaning:

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

15           "(2) COMMERCIAL AUTOMOBILE LIABILITY INSURANCE  
16 POLICY. An insurance policy that:

17           "a. Is written on either a commercial coverage or  
18 other commercially rated personal policy form, including, but  
19 not limited to, a commercial auto, garage, or truckers form,  
20 and is not dependent on the type, number, or ownership of  
21 vehicle or entity covered or insured.

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

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

26           "(4) DEALER. Any person dealing in, buying, selling,  
27 exchanging, advertising, or negotiating the sale of motor

1 vehicles and licensed under the provisions of Section  
2 40-12-391.

3 "(5) DECLARATIONS PAGE. That part of an insurance  
4 policy showing the name of the insured, insuring company, the  
5 vehicle make, the year model, the vehicle identification  
6 number (VIN), the policy number, the amount of coverage or  
7 coverages, and the effective and expiration dates of the  
8 policy.

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

10 "(7) DEPOSIT OF CASH. Funds deposited with and held  
11 by the State Treasurer as security for payment by the  
12 depositor, or by any person responsible for the depositor's  
13 motor vehicle with his or her express or implied consent, of  
14 all judgments rendered against the depositor or other  
15 authorized operator of the depositor's motor vehicle arising  
16 from injury, death, or damage sustained through use,  
17 operation, maintenance, or control of the motor vehicle within  
18 the State of Alabama.

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

22 "(9) INSURANCE BINDER. A document issued by an  
23 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  
26 for destruction of property under subsection (c) of Section  
27 32-7-6.

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

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

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

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

15           "(14) NAIC NUMBER. A unique identification number  
16 assigned to the insurance company by the National Association  
17 of Insurance Commissioners.

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

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

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

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

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

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

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

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

17           "(20) PERSON. Every natural person, firm,  
18 partnership, association, estate, trust, corporation, limited  
19 liability partnership, limited liability company, or other  
20 entity.

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

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

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

4           "(24) STATE. Any state, territory or possession of  
5 the United States, the District of Columbia, any province or  
6 territory of the Dominion of Canada, or a state of the  
7 Republic of Mexico.

8           "(25) SUSPENSION. The withdrawal by formal action of  
9 the department of a vehicle's registration as specified by  
10 this chapter.

11           "The terms "liability insurance policy," "deposit of  
12 cash," and a "motor vehicle liability bond" are used  
13 interchangeably throughout this chapter.

14           "§32-7A-5.

15           "This chapter shall not apply to any of the  
16 following vehicles or operators:

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

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

23           "(3) Any motor vehicle which is subject to the  
24 supervision and regulation of the Federal Motor Carrier Safety  
25 Administration or the Alabama Public Service Commission and  
26 for which the owner and/or operator has filed evidence of  
27 financial responsibility, the liability under which is not



1 less than that required of the operator of a motor vehicle  
2 under the terms of this chapter.

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

6 "(5) Other motor vehicles complying with laws which  
7 require the vehicles to be insured in amounts meeting or  
8 exceeding the minimum amounts required under Section  
9 32-7-6(c).

10 "(6) Implements of husbandry as defined in Section  
11 32-8-2 ~~(5)~~.

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

13 "(8) Special mobile equipment, as defined in Section  
14 32-8-2 ~~(20)~~.

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

23 "(10) Motor vehicles owned by a licensed motor  
24 vehicle dealer, wholesaler, or ~~rebuilder, or reconditioner~~ and  
25 held in inventory that are covered by a blanket liability  
26 insurance policy or commercial automobile liability insurance  
27 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  
26 reflected on the department's motor vehicle registration  
27 records. The notice shall set forth the appeal rights

1 available to the registered owner pursuant to Chapter 2A of  
2 Title 40.

3 "§32-7A-11.

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

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

19 "(2) The registrant responds within the required  
20 time frame that, after the registration date, he or she did  
21 not operate the vehicle during the lapse in coverage due to  
22 the motor vehicle being stored, inoperable, or otherwise  
23 unused as prescribed by the department. The registrant may  
24 claim the stored or inoperable exemption provided under this  
25 subdivision only if all of the following conditions are  
26 satisfied:

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

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

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

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

15           ~~The~~ If each of these conditions is satisfied, the  
16 current registration shall then be revoked and the department  
17 shall update its records to reflect that the registration is  
18 revoked for the remainder of the registration period. In the  
19 event the motor vehicle for which the registration has been  
20 revoked is no longer stored, inoperable, or otherwise unused  
21 as prescribed by the department, a new registration and  
22 license plate must be obtained prior to operating the vehicle.  
23 The department may by establish by rule an extension to the 30  
24 day surrender period if the registrant cannot return the  
25 license plate for good cause.

26           "(b) Except as provided in Section 32-7A-11(a)(2),  
27 if if the registrant subsequently provides, in a manner as

1 prescribed by the department, proof of subsequent liability  
2 insurance coverage for the vehicle during the current  
3 registration period then the registration shall be reinstated.

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

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

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

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

17 "§32-7A-12.

18 "(a) The department shall suspend the vehicle  
19 registration of any motor vehicle determined to be in  
20 violation of Section 32-7A-4, including any motor vehicle  
21 operated in violation of Section 32-7A-16 by an operator other  
22 than the owner of the vehicle. Neither the fact that,  
23 subsequent to the date of verification or violation, the owner  
24 acquired the required liability insurance policy nor the fact  
25 that the owner terminated ownership of the motor vehicle shall  
26 have any bearing upon the required suspension.

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

10           "(c) In the case of a first violation, the  
11 department shall terminate the suspension upon payment by the  
12 owner of a reinstatement fee of two hundred dollars (\$200) in  
13 a manner as prescribed by the department and submission of  
14 proof of current insurance as prescribed by the department to  
15 either ~~the department,~~ the vehicle owner's county license  
16 plate issuing official, the circuit clerk of any county, or  
17 the Administrative Office of Courts. Upon a first violation,  
18 the owner's name and identifying information shall be provided  
19 to the director by the department, for the purpose of  
20 requiring the owner to purchase and maintain insurance  
21 pursuant to Section 32-7-13 or Section 32-7-31, or both, for a  
22 period of one year.

23           "(d) In the case of a second or subsequent violation  
24 by a person having ownership interest in a motor vehicle or  
25 vehicles within the preceding ~~four~~ two registration years, or  
26 a violation of Section 32-7A-16(b) (2), the department shall  
27 terminate the suspension ~~four months after its effective date~~

1 upon payment by the owner of a reinstatement fee of four  
2 hundred dollars (\$400) in a manner as prescribed by the  
3 department and submission of proof of current insurance as  
4 prescribed by the department ~~to either the department or to~~  
5 the vehicle owner's county license plate issuing official, the  
6 circuit clerk of any county, or the Administrative Office of  
7 Courts. In the case of a second or subsequent violation, the  
8 owner's name and identifying information shall be provided to  
9 the director by the department, for the purpose of the  
10 director requiring the owner to purchase and maintain  
11 insurance pursuant to Section 32-7-13 or Section 32-7-31, or  
12 both, for a period of ~~three~~ two registration years. Upon  
13 conviction of a second offense the violator shall be guilty of  
14 a Class B misdemeanor.

15 "(e) The registrant shall not be subject to the  
16 reinstatement fees provided by subsections (c) and (d) and the  
17 department shall terminate the suspension if the department or  
18 official establishes that, upon presentation of proof of  
19 liability insurance coverage for the insurance verification  
20 date, the registrant did not have a lapse in liability  
21 insurance coverage.

22 ~~"(e)~~ (f) In accepting the reinstatement fee and proof  
23 of current insurance, the owner's county license plate issuing  
24 official, the circuit clerk of any county, or the  
25 Administrative Office of Courts shall be responsible for  
26 notifying and forwarding, not later than the next business  
27 day, any required documentation concerning the reinstatement

1 of motor vehicle registration or registrations to the  
2 department in the manner prescribed by the department.

3 "~~(f)~~ (g) Except as provided in subsections ~~(g)~~ (h)  
4 and ~~(i)~~, (j) a portion of the fees received under this section  
5 by the department shall be used by the department exclusively  
6 for the operation and management of the mandatory liability  
7 insurance law and this article. After the payment of the  
8 expenses, the remaining funds shall be deposited into the  
9 General Fund; provided, if the fees are collected by the  
10 owner's county license plate issuing official, the official  
11 shall remit the fee to the department, except for ~~10~~ (15)  
12 percent of the fee, which shall be retained by the official  
13 and distributed 50 percent to the county license plate issuing  
14 official and 50 percent to the county general fund. The  
15 retained fees distributed to the county license plate issuing  
16 official shall be deposited into a special fund designated as  
17 the Special Licensing Officials' Fund. The special fund shall  
18 be used for taxpayer education of the requirements of Title  
19 32, Chapter 7A, the improvement of the equipment and  
20 operations in the office of the licensing official charged  
21 with motor vehicle registration and titling responsibilities  
22 and shall be in addition to the amount budgeted for the office  
23 of the official. Fees deposited into the special fund shall be  
24 disbursed at the sole discretion of the license plate issuing  
25 official and shall be audited by the Examiners of Public  
26 Accounts. Such moneys in the special fund shall not ~~accumulate~~  
27 ~~in excess of ten thousand dollars (\$10,000) during~~ exceed



1 twenty-five thousand dollars (25,000 at the end of any fiscal  
2 year, provided however that balances in excess of the  
3 twenty-five thousand (\$25,000 cap may be carried over on a  
4 monthly basis prior to the close of each fiscal year. Any  
5 excess moneys shall accrue to the county general fund. License  
6 plate issuing officials shall remit the balance of the funds  
7 to the department in the manner prescribed by the department  
8 ~~by the 10th~~ on or before the 20th day of the month following  
9 the month of collection.

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

25 ~~"(h)~~ (i) Refunds of reinstatement fees, less the  
26 retained fees, shall be granted in cases of duplicate payment,  
27 or as approved by the department. Anyone who is denied a

1 refund of the reinstatement fee may appeal the denial to the  
2 ~~administrative law judge~~ Alabama Tax Tribunal pursuant to  
3 Section 40-2A-7.

4 "~~(i)~~ (j) Notwithstanding the provisions of  
5 subsection ~~(f)~~ (g), 15 percent of the net proceeds received by  
6 the department shall be deposited by the department into the  
7 Alabama Peace Officers' Annuity and Benefit Fund, as  
8 authorized by Section 36-21-66.

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

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

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

1                   Section 3. This act shall become effective January  
2           1, 2020, following its passage and approval by the Governor,  
3           or upon its otherwise becoming law.