

1 SB205
2 126788-1
3 By Senator Orr
4 RFD: Finance and Taxation General Fund
5 First Read: 10-MAR-11

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8 SYNOPSIS: Under existing law, the Department of
9 Revenue uses the net proceeds of reinstatement fees
10 collected to administer the mandatory liability
11 insurance program.

12 This bill would provide that the department
13 would use a portion of the net proceeds of the
14 reinstatement fees received by the department to
15 pay for the operation and administration of the
16 mandatory liability insurance program and the
17 remaining funds would be deposited into the State
18 General Fund.

19
20 A BILL
21 TO BE ENTITLED
22 AN ACT
23

24 To amend Section 32-7A-9, Code of Alabama 1975,
25 relating to the distribution of net proceeds of reinstatement
26 fees under the mandatory liability insurance program for motor
27 vehicles; to provide that the department would use a portion

1 of the net proceeds of the reinstatement fees received by the
2 department to pay for the operation and administration of the
3 mandatory liability insurance program; and to provide that the
4 remaining funds would be deposited into the State General
5 Fund.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. Section 32-7A-9, Code of Alabama 1975, is
8 amended to read as follows:

9 "§32-7A-9.

10 "(a) The department shall suspend the vehicle
11 registration of any motor vehicle determined to be in
12 violation of Section 32-7A-4, including any motor vehicle
13 operated in violation of Section 32-7A-16 by an operator other
14 than the owner of the vehicle. Neither the fact that,
15 subsequent to the date of verification or violation, the owner
16 acquired the required liability insurance policy nor the fact
17 that the owner terminated ownership of the motor vehicle shall
18 have any bearing upon the required suspension.

19 "(b) The registration of any motor vehicle
20 registered in this state shall be suspended upon the
21 department receiving notice of the conviction of the operator
22 of the motor vehicle in another state of an offense which, if
23 committed in this state, would constitute a violation of
24 Section 32-7A-4. Until it is terminated, any suspension under
25 this chapter shall remain in force even if the registration is
26 renewed or a new registration is acquired for the motor
27 vehicle contrary to Section 32-7A-10.

1 "(c) In the case of a first violation, the
2 department shall terminate the suspension upon payment by the
3 owner of a reinstatement fee of one hundred dollars (\$100) in
4 a manner as prescribed by the department and submission of
5 proof of current insurance as prescribed by the department to
6 either the department, the vehicle owner's county license
7 plate issuing official, the circuit clerk of any county, or
8 the Administrative Office of Courts. Upon a first violation,
9 the owner's name and identifying information shall be provided
10 to the director by the department, for the purpose of
11 requiring the owner to purchase and maintain insurance
12 pursuant to Section 32-7-13 or Section 32-7-31, or both, for a
13 period of one year.

14 "(d) In the case of a second or subsequent violation
15 by a person having ownership interest in a motor vehicle or
16 vehicles within the preceding four years, or a violation of
17 Section 32-7A-16(3), the department shall terminate the
18 suspension four months after its effective date upon payment
19 by the owner of a reinstatement fee of two hundred dollars
20 (\$200) in a manner as prescribed by the department and
21 submission of proof of current insurance as prescribed by the
22 department to either the department or to the vehicle owner's
23 county license plate issuing official, the circuit clerk of
24 the county, or the Administrative Office of Courts. In the
25 case of a second or subsequent violation, the owner's name and
26 identifying information shall be provided to the director by
27 the department, for the purpose of the director requiring the

1 owner to purchase and maintain insurance pursuant to Section
2 32-7-13 or Section 32-7-31, or both, for a period of three
3 years. Upon conviction of a second offense the violator shall
4 be guilty of a Class B misdemeanor.

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

13 "(f) Except as provided in subsections (g) and (i),
14 ~~all a portion of the fees collected~~ received under this
15 section by the department shall be ~~retained~~ used by the
16 department exclusively for ~~use in the administration of this~~
17 ~~chapter~~ the operation and management of the mandatory
18 liability insurance program and this chapter. After the
19 payment of the expenses as determined necessary by the
20 department, the remaining funds shall be deposited into the
21 State General Fund; provided, if the fees are collected by the
22 owner's county license plate issuing official, the official
23 shall remit the fee to the department, except for 10 percent
24 of the fee, which shall be retained by the official and
25 distributed 50 percent to the county license plate issuing
26 official and 50 percent to the county general fund. The
27 retained fees distributed to the county license plate issuing

1 official shall be deposited into a special fund designated as
2 the Special Licensing Officials' Fund. The special fund shall
3 be used for the improvement of the equipment and operations in
4 the office of the licensing official charged with motor
5 vehicle registration and titling responsibilities and shall be
6 in addition to the amount budgeted for the office of the
7 official. Fees deposited into the special fund shall be
8 disbursed at the sole discretion of the license plate issuing
9 official and shall be audited by the Department of Examiners
10 of Public Accounts. Such moneys in the special fund shall not
11 accumulate in excess of ten thousand dollars (\$10,000) during
12 any fiscal year. Any excess moneys shall accrue to the county
13 general fund. License plate issuing officials shall remit the
14 balance of the funds to the department in the manner
15 prescribed by the department by the 10th day of the month
16 following the month of collection.

17 "(g) If the reinstatement fees are collected by the
18 Administrative Office of Courts, it shall remit the fee to the
19 department, except for 15 percent of the fee, which shall be
20 retained in its entirety by the Administrative Office of
21 Courts. If the reinstatement fees are collected by the circuit
22 clerk, it shall remit the fee to the department, except for 15
23 percent of the fee, which shall be retained by the circuit
24 clerk and distributed evenly between the circuit clerk's
25 office and the Administrative Office of Courts. Any portion of
26 the reinstatement fee due to the Administrative Office of
27 Courts shall be deposited into the Advanced Technology and

1 Data Exchange Fund established pursuant to Section 12-19-290.
2 Any portion of the reinstatement fee due to the circuit clerk
3 shall be deposited into the clerk's fund established pursuant
4 to subdivision (2) of Section 12-17-225.4.

5 "(h) Refunds of reinstatement fees, less the
6 retained fees, shall be granted in cases of duplicate payment,
7 or as approved by the department. Anyone who is denied a
8 refund of the reinstatement fee may appeal the denial to the
9 administrative law judge pursuant to Section 40-2A-7.

10 "(i) Notwithstanding the provisions of subsection
11 (f), 15 percent of the net proceeds received by the department
12 shall be deposited by the department into the Alabama Peace
13 Officers' Annuity and Benefit Fund, as authorized by Section
14 36-21-66.

15 "(j) It shall be unlawful for the vehicle owner's
16 county license plate issuing official to fail to collect such
17 reinstatement fees, when due. Additionally, the reinstatement
18 fee shall not be waived by the court when the vehicle owner
19 cannot produce evidence that a valid liability insurance
20 policy was in effect on the date a citation was issued for
21 violation of this chapter.

22 "(k) The terms circuit clerk and circuit clerk's
23 office as used in this section shall also include any district
24 clerk or district clerk's office that functions separately
25 from the office of the circuit clerk pursuant to Section
26 12-17-161."

1 Section 2. This act shall become effective on the
2 first day of the third month following its passage and
3 approval by the Governor, or its otherwise becoming law.