

**SB232 INTRODUCED**



1 LHK2AA-1  
2 By Senator Elliott  
3 RFD: Finance and Taxation General Fund  
4 First Read: 20-Apr-23  
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SYNOPSIS:

This bill would authorize peer-to-peer car sharing programs, which are business platforms that connect vehicle owners with drivers, to enable the sharing of vehicles for financial consideration in this state.

This bill would provide requirements for the operation of a peer-to-peer car sharing program, including insurance requirements, notification requirements, record keeping and reporting requirements, liability requirements, consumer protection disclosure requirements, and safety recall requirements.

This bill would also provide that lessors of vehicles used in peer-to-peer car sharing in the state who have paid taxes due upon purchase of the vehicle in the jurisdiction where it was purchased shall not be subject to privilege or license taxes on gross proceeds of vehicle rental or leasing.

A BILL  
TO BE ENTITLED  
AN ACT



## SB232 INTRODUCED

29 Relating to motor vehicles; establishing the  
30 Peer-to-Peer Car Sharing Program Act; to provide for the  
31 operation of peer-to-peer car sharing programs in the state;  
32 and to amend Section 40-12-222, Code of Alabama 1975, to  
33 exclude lessors of peer-to-peer car sharing vehicles from  
34 liability for certain taxes on the proceeds of vehicle rental  
35 and leasing.

36 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

37 Section 1. This section shall be known and may be cited  
38 as the Peer-to-Peer Car Sharing Program Act.

39 Section 2. As used in this section, the following words  
40 have the following meanings:

41 (1) CAR SHARING DELIVERY PERIOD or DELIVERY PERIOD. The  
42 period of time during which a shared vehicle is being  
43 delivered to the location of the car sharing start time, if  
44 applicable, as documented by the governing car sharing program  
45 agreement.

46 (2) CAR SHARING PERIOD or SHARING PERIOD. The period of  
47 time that commences with the car sharing delivery period or,  
48 if there is no car sharing delivery period, that commences  
49 with the car sharing start time and, in either case, ends at  
50 the car sharing termination time.

51 (3) CAR SHARING START TIME or START TIME. The time when  
52 the shared vehicle becomes subject to the control of the  
53 shared vehicle driver, at or after the time the reservation of  
54 a shared vehicle is scheduled to begin, as documented in the  
55 records of a peer-to-peer car sharing program.

56 (4) CAR SHARING TERMINATION TIME or TERMINATION TIME.



## SB232 INTRODUCED

57 The earliest of the following events:

58 a. The expiration of the agreed-upon period of time  
59 established for the use of a shared vehicle according to the  
60 terms of the car sharing program agreement, if the shared  
61 vehicle is delivered to the agreed upon location in the car  
62 sharing program agreement.

63 b. When the shared vehicle is returned to a location as  
64 alternatively agreed upon by the shared vehicle owner and the  
65 shared vehicle driver as communicated through a peer-to-peer  
66 car sharing program, which alternatively agreed upon location  
67 shall be incorporated into the car sharing program agreement.

68 c. When the shared vehicle owner, or the shared vehicle  
69 owner's authorized designee, takes possession and control of  
70 the shared vehicle.

71 (5) PEER-TO-PEER CAR SHARING or SHARING. The authorized  
72 use of a vehicle by an individual other than the vehicle's  
73 owner through a peer-to-peer car sharing program. The term  
74 does not include a rental or leasing transaction of tangible  
75 personal property which is subject to Article 4 of Chapter 12  
76 of Title 40, Code of Alabama 1975, except as provided by  
77 Section 40-12-222(a)(2), Code of Alabama 1975.

78 (6) PEER-TO-PEER CAR SHARING PROGRAM. A business  
79 platform that connects vehicle owners with drivers to enable  
80 the sharing of vehicles for financial consideration. The term  
81 does not include any of the following:

82 a. A person engaging or continuing within this state in  
83 the business of leasing or renting any automotive vehicle or  
84 truck trailer, semitrailer, or house trailer which is subject



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85 to Article 4 of Chapter 12 of Title 40, Code of Alabama 1975.

86 b. A person facilitating a rental transaction of  
87 tangible personal property which is subject to Article 4 of  
88 Chapter 12 of Title 40, Code of Alabama 1975.

89 c. A motor vehicle rental company licensed pursuant to  
90 Section 27-7-5.1, Code of Alabama 1975.

91 d. A person facilitating rental transactions as used in  
92 Section 40-2-11(7)(c), Code of Alabama 1975.

93 (7) PEER-TO-PEER CAR SHARING PROGRAM AGREEMENT or  
94 AGREEMENT. The terms and conditions applicable to a shared  
95 vehicle owner and a shared vehicle driver that govern the use  
96 of a shared vehicle through a peer-to-peer car sharing  
97 program. The term does not include any of the following;  
98 a. A car rental service provider solely providing  
99 hardware or software as a service to a person or entity that  
100 is not effectuating payment of financial consideration for the  
101 use of a shared vehicle.

102 b. A motor vehicle rental agreement governed by Section  
103 32-15-6, Code of Alabama 1975.

104 c. Hiring, leasing, or renting a motor vehicle under a  
105 rental agreement governed by Section 32-15-6, Code of Alabama  
106 1975.

107 d. A rental agreement with a motor vehicle rental  
108 company licensed pursuant to Section 27-7-5.1, Code of Alabama  
109 1975.

110 (8) SHARED VEHICLE or VEHICLE. A vehicle that is  
111 available for sharing through a peer-to-peer car sharing  
112 program. The term does not include an automotive vehicle or a



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113 truck trailer, semitrailer, or house trailer that is subject  
114 to Article 4 of Chapter 12 of Title 40, Code of Alabama 1975,  
115 except as provided by Section 40-12-222(a)(2), Code of Alabama  
116 1975.

117 (9) SHARED VEHICLE DRIVER or DRIVER. An individual who  
118 has been authorized to drive the shared vehicle by the shared  
119 vehicle owner under a car sharing program agreement. The term  
120 does not include a person hiring, leasing, or renting a motor  
121 vehicle under an agreement with a motor vehicle rental company  
122 licensed pursuant to Section 27-7-5.1, Code of Alabama 1975.

123 (10) SHARED VEHICLE OWNER or OWNER. The registered  
124 owner, or a person or entity designated by the registered  
125 owner, of a vehicle made available for sharing to shared  
126 vehicle drivers through a peer-to-peer car sharing program.  
127 The term does not include any of the following:

128 a. A lessor that is subject to Article 4 of Chapter 12  
129 of Title 40, Code of Alabama 1975, except as provided by  
130 Section 40-12-222(a)(2), Code of Alabama 1975.

131 b. A motor vehicle rental company licensed pursuant to  
132 Section 27-7-5.1, Code of Alabama 1975.

133 Section 3.(a) Except as provided in subsection (b), a  
134 peer-to-peer car sharing program shall assume liability of a  
135 shared vehicle owner for bodily injury or property damage to  
136 third parties or uninsured and underinsured motorists or  
137 personal injury protection losses during the car sharing  
138 period, in an amount stated in the peer-to-peer car sharing  
139 program agreement. The amount shall not be less than the proof  
140 of financial responsibility required under Chapter 7, Title



## SB232 INTRODUCED

141 32, Code of Alabama 1975.

142 (b) Notwithstanding the definition of "car sharing  
143 termination time," the assumption of liability under  
144 subsection (a) does not apply to any shared vehicle owner  
145 under either of the following circumstances:

146 (1) When a shared vehicle owner makes an intentional  
147 or fraudulent material misrepresentation or omission to the  
148 peer-to-peer car sharing program before the car sharing period  
149 in which the loss occurred.

150 (2) When a shared vehicle owner acts in concert with a  
151 shared vehicle driver who fails to return the shared vehicle  
152 pursuant to the terms of the car sharing program agreement.

153 (c) Notwithstanding the definition of "car sharing  
154 termination time," the assumption of liability under  
155 subsection (a) would apply to bodily injury, property damage,  
156 uninsured and underinsured motorist, or personal injury  
157 protection losses by damaged third parties required under  
158 Chapter 7 of Title 32, Code of Alabama 1975.

159 (d) A peer-to-peer car sharing program shall ensure  
160 that, during each car sharing period, the shared vehicle owner  
161 and the shared vehicle driver are insured under a motor  
162 vehicle liability insurance policy that does all of the  
163 following:

164 (1) Provides insurance coverage in amounts no less than  
165 the minimum amounts required for proof of financial  
166 responsibility under Section 32-7-2, Code of Alabama 1975.

167 (2) Does either of the following:

168 a. Recognizes that the shared vehicle insured under the



## SB232 INTRODUCED

169 policy is made available and used through a peer-to-peer car  
170 sharing program.

171 b. Does not exclude the use of a shared vehicle by a  
172 shared vehicle driver.

173 (e) The insurance required under subsection (d) may be  
174 purchased by any of the following:

175 (1) A shared vehicle owner.

176 (2) A shared vehicle driver.

177 (3) A peer-to-peer car sharing program.

178 (4) Any combination of a shared vehicle owner, a shared  
179 vehicle driver, and a peer-to-peer car sharing program.

180 (f) The insurance required in subsection (e), that is  
181 satisfying the requirement of subsection (d), shall be primary  
182 during each car sharing period, and in the event that a claim  
183 occurs in another state with minimum financial responsibility  
184 limits higher than those set forth in Section 32-7-2, Code of  
185 Alabama 1975, during the car sharing period, the coverage  
186 maintained under subsection (e) shall satisfy the difference  
187 in minimum coverage amounts, up to the applicable policy  
188 limits.

189 (g) The insurer, insurers, or peer-to-peer car sharing  
190 program providing coverage under subsection (d) or (e) shall  
191 assume primary liability for a claim when either of the  
192 following occurs:

193 (1) A dispute exists as to who was in control of the  
194 shared motor vehicle at the time of the loss, and the  
195 peer-to-peer car sharing program does not have available, did  
196 not retain, or fails to provide the information required by





## SB232 INTRODUCED

197 Section 6.

198 (2) A dispute exists as to whether the shared vehicle  
199 was returned to the alternatively agreed upon location, as  
200 required under Section 2(4)(b).

201 (h) If insurance maintained by a shared vehicle owner  
202 or shared vehicle driver in accordance with subsection (e) has  
203 lapsed or does not provide the required coverage, insurance  
204 maintained by a peer-to-peer car sharing program shall provide  
205 the coverage required by subsection (d) beginning with the  
206 first dollar of a claim and shall have the duty to defend such  
207 claim except under circumstances as set forth in subsection  
208 (b).

209 (i) Coverage under an automobile insurance policy  
210 maintained by the peer-to-peer car sharing program may not be  
211 dependent on another automobile insurer first denying a claim,  
212 and may not require another automobile insurance policy to  
213 first deny a claim.

214 (j) Nothing in this section does any of the following:

215 (1) Limits the ability of a peer-to-peer car sharing  
216 program for any act or omission of the peer-to-peer car  
217 sharing program itself that results in injury to any person as  
218 a result of the use of a shared vehicle through a peer-to-peer  
219 car sharing program.

220 (2) Limits the ability of the peer-to-peer car sharing  
221 program to seek indemnification, by contract, from the shared  
222 vehicle owner or the shared vehicle driver for economic loss  
223 sustained by the peer-to-peer car sharing program resulting  
224 from a breach of the terms and conditions of the car sharing



## SB232 INTRODUCED

225 program agreement.

226 Section 4. When a vehicle owner registers as a shared  
227 vehicle owner on a peer-to-peer car sharing program, and  
228 before the shared vehicle owner makes a shared vehicle  
229 available for car sharing on the peer-to-peer car sharing  
230 program, the peer-to-peer car sharing program shall notify the  
231 shared vehicle owner that, if the shared vehicle has a lien  
232 against it, the use of the shared vehicle through a  
233 peer-to-peer car sharing program, including use without  
234 physical damage coverage, may violate the terms of the  
235 contract with the lien holder.

236 Section 5. (a) An authorized insurer that writes motor  
237 vehicle liability insurance in this state may exclude any and  
238 all coverage and the duty to defend or indemnify for any claim  
239 afforded under a shared vehicle owner's motor vehicle  
240 liability insurance policy, including, but not limited to, all  
241 of the following:

242 (1) Liability coverage for bodily injury and property  
243 damage.

244 (2) Personal injury protection coverage.

245 (3) Uninsured and underinsured motorist coverage.

246 (4) Medical payments coverage.

247 (5) Comprehensive physical damage coverage.

248 (6) Collision physical damage coverage.

249 (b) Nothing in this act invalidates or limits an  
250 exclusion contained in a motor vehicle liability insurance  
251 policy, including any insurance policy in use or approved for  
252 use that excludes coverage for motor vehicles made available



## SB232 INTRODUCED

253 for rent, sharing, hire, or for any business use.

254 (c) Nothing in this act invalidates, limits, or  
255 restricts an insurer's ability under existing law to  
256 underwrite any insurance policy. Nothing in this act  
257 invalidates, limits, or restricts an insurer's ability under  
258 existing law to cancel and nonrenew policies.

259 Section 6. (a) A peer-to-peer car sharing program  
260 shall collect and verify records pertaining to the use of all  
261 vehicles used in a peer-to-peer car sharing program,  
262 including, but not limited to, all of the following:

- 263 (1) The number of times the vehicle is used.  
264 (2) Car sharing period pick up and drop off locations.  
265 (3) Fees paid by the shared vehicle driver.  
266 (4) Revenues received by the shared vehicle owner.

267 (b) To facilitate a claim coverage investigation,  
268 settlement, negotiation, and litigation, the peer-to-peer car  
269 sharing program, upon request, shall provide the records  
270 collected under subsection (a) to the shared vehicle owner,  
271 the shared vehicle owner's insurer, or the shared vehicle  
272 driver's insurer.

273 (c) The peer-to-peer car sharing program shall retain  
274 the records for a time period not less than the applicable  
275 personal injury statute of limitations.

276 Section 7. A peer-to-peer car sharing program and a  
277 shared vehicle owner shall not be liable, vicariously or  
278 otherwise, by reason of making a shared vehicle available for  
279 use through the peer-to-peer car sharing program or by being  
280 the owner of a shared vehicle, for harm to persons or property



## SB232 INTRODUCED

281 that occurs during the car sharing period.

282 Section 8. A motor vehicle insurer that defends or  
283 indemnifies a claim against a shared vehicle that is excluded  
284 under the terms of its policy shall have the right to seek  
285 contribution from the motor vehicle insurer of the  
286 peer-to-peer car sharing program if the claim is both of the  
287 following:

288 (1) Made against the shared vehicle owner or the shared  
289 vehicle driver for loss or injury that occurs during the car  
290 sharing period.

291 (2) Excluded under the terms of its policy.

292 Section 9. (a) Notwithstanding any law to the  
293 contrary, a peer-to-peer car sharing program shall have an  
294 insurable interest in a shared vehicle during the car sharing  
295 period.

296 (b) Nothing in this section shall create liability on a  
297 peer-to-peer car sharing program to maintain the coverage  
298 mandated by Section 3.

299 (c) A peer-to-peer car sharing program may own and  
300 maintain as the named insured one or more policies of motor  
301 vehicle liability insurance that provide coverage for any of  
302 the following:

303 (1) Liabilities assumed by the peer-to-peer car sharing  
304 program under a peer-to-peer car sharing program agreement.

305 (2) Any liability of the shared vehicle owner.

306 (3) Damage or loss to the shared motor vehicle.

307 (4) Any liability of the shared vehicle driver.

308 Section 10. Each car sharing program agreement made in



## SB232 INTRODUCED

309 this state shall disclose to the shared vehicle owner and the  
310 shared vehicle driver all of the following:

311 (1) Any right of the peer-to-peer car sharing program  
312 to seek indemnification from the shared vehicle owner or the  
313 shared vehicle driver for economic loss sustained by the  
314 peer-to-peer car sharing program resulting from a breach of  
315 the terms and conditions of the car sharing program agreement.

316 (2) That a motor vehicle liability insurance policy  
317 issued to the shared vehicle owner for the shared vehicle, or  
318 to the shared vehicle driver, does not provide a defense or  
319 indemnification for any claim asserted by the peer-to-peer car  
320 sharing program.

321 (3) That the peer-to-peer car sharing program's  
322 insurance coverage on the shared vehicle owner and the shared  
323 vehicle driver is in effect only during each car sharing  
324 period and that, for any use of the shared vehicle by the  
325 shared vehicle driver after the car sharing termination time,  
326 the shared vehicle driver and the shared vehicle owner may not  
327 have insurance coverage.

328 (4) The daily rate, fees, and, if applicable, any  
329 insurance or protection package costs that are charged to the  
330 shared vehicle owner or the shared vehicle driver.

331 (5) That the shared vehicle owner's motor vehicle  
332 liability insurance may not provide coverage for a shared  
333 vehicle.

334 (6) An emergency telephone number to personnel capable  
335 of fielding roadside assistance and other customer service  
336 inquiries.



## SB232 INTRODUCED

337 (7) Whether there are conditions under which a shared  
338 vehicle driver must maintain a personal automobile insurance  
339 policy with certain applicable coverage limits on a primary  
340 basis in order to book a shared motor vehicle.

341 Section 11. (a) A peer-to-peer car sharing program may  
342 not enter into a peer-to-peer car sharing program agreement  
343 with an individual who will operate the shared vehicle unless  
344 he or she meets any of the following requirements:

345 (1) Holds a driver license issued under Section 32-6-1,  
346 Code of Alabama 1975, that authorizes him or her to operate  
347 vehicles of the class of the shared vehicle.

348 (2) Is a nonresident who meets both of the following  
349 requirements:

350 a. Has a driver license issued by the state or country  
351 of his or her residence which authorizes him or her to drive  
352 vehicles of the class of the shared vehicle.

353 b. Is 16 years of age or older.

354 (3) Is specifically authorized by Section 32-6-2, Code  
355 of Alabama 1975, to drive vehicles of the class of the shared  
356 vehicle.

357 (b) A peer-to-peer car sharing program shall keep a  
358 record of all of the following:

359 (1) The name and address of the shared vehicle driver.

360 (2) The driver license of the shared vehicle driver and  
361 each other person, if any, who will operate the shared  
362 vehicle.

363 (3) The place of issuance of the driver license.

364 Section 12. (a) A peer-to-peer car sharing program



## SB232 INTRODUCED

365 shall have sole responsibility for any equipment, including a  
366 Global Positioning System or other special equipment, that is  
367 placed in or on the vehicle to monitor or facilitate the car  
368 sharing transaction.

369 (b) A peer-to-peer car sharing program shall indemnify  
370 and hold harmless the shared vehicle owner for any damage to  
371 or theft of such equipment during the sharing period not  
372 caused by the vehicle owner.

373 (c) A peer-to-peer car sharing program may seek  
374 indemnity from the shared vehicle driver for any loss or  
375 damage to such equipment that occurs during the sharing  
376 period.

377 Section 13. (a) When a vehicle owner registers as a  
378 shared vehicle owner on a peer-to-peer car sharing program,  
379 and before a shared vehicle owner makes a shared vehicle  
380 available for car sharing on the peer-to-peer car sharing  
381 program, the peer-to-peer car sharing program shall do both of  
382 the following:

383 (1) Verify that the shared vehicle does not have any  
384 safety recalls on the vehicle for which the repairs have not  
385 been made.

386 (2) Notify the shared vehicle owner of the requirements  
387 under subsection (b).

388 (b) (1) If a shared vehicle owner has received an actual  
389 notice of a safety recall on the vehicle, the shared vehicle  
390 owner may not make a vehicle available as a shared vehicle on  
391 a peer-to-peer car sharing program until the safety recall  
392 repair has been made.



## SB232 INTRODUCED

393 (2) If a shared vehicle owner receives an actual notice  
394 of a safety recall on a shared vehicle while the shared  
395 vehicle is made available on the peer-to-peer car sharing  
396 program, the shared vehicle owner shall change the status of  
397 the vehicle to unavailable as soon as practicably possible.  
398 The shared vehicle may not be listed as available until the  
399 safety recall repair has been made.

400 (3) If a shared vehicle owner receives an actual notice  
401 of a safety recall on a shared vehicle while the shared  
402 vehicle is in the possession of a shared vehicle driver and  
403 engaged in peer-to-peer car sharing during a sharing period,  
404 the shared vehicle owner shall notify the peer-to-peer car  
405 sharing program about the safety recall as soon as practicably  
406 possible after receiving the notice of the safety recall. The  
407 shared vehicle may not be listed as available until the safety  
408 recall repair has been made.

409 Section 14. Section 40-12-222, Code of Alabama 1975, is  
410 amended to read as follows:

411 "§40-12-222

412 (a) (1) In addition to all other taxes now imposed by  
413 law, there is hereby levied and shall be collected a privilege  
414 or license tax on each person engaging or continuing within  
415 this state in the business of leasing or renting tangible  
416 personal property at the rate of four percent of the gross  
417 proceeds derived by the lessor from the lease or rental of  
418 tangible personal property.

419 (2) ~~Thea.~~ Except as provided in paragraph b., the  
420 privilege or license tax on each person engaging or continuing





## SB232 INTRODUCED

421 within this state in the business of leasing or renting any  
422 automotive vehicle or truck trailer, semitrailer, or house  
423 trailer shall be at the rate of one and one-half percent of  
424 the gross proceeds derived by the lessor from the lease or  
425 rental of such automotive vehicle or truck trailer,  
426 semitrailer, or house trailer.

427 b. For purposes of paragraph a. only, the business of  
428 leasing or renting an automotive vehicle includes peer-to-peer  
429 car sharing as defined in the Peer-to-Peer Car Sharing Program  
430 Act. Any gross proceeds derived by the lessor from  
431 peer-to-peer car sharing shall be subject to the tax set forth  
432 in that paragraph if, and only if, the applicable sales and  
433 use taxes were not paid upon purchase of the shared vehicle in  
434 the jurisdiction in which the shared vehicle owner purchased  
435 the vehicle.

436 (3) The tax levied in this article shall not apply to  
437 any leasing or rental, as lessor, by the state, or any  
438 municipality or county in the state, or any public corporation  
439 organized under the laws of the state, including, without  
440 limiting the generality of the foregoing, any corporation  
441 organized under the provisions of Sections 11-54-80 through  
442 11-54-101.

443 (4) The privilege or license tax on each person or firm  
444 engaging or continuing within this state in the business of  
445 the leasing and rental of linens and garments shall be at the  
446 rate of two percent of the gross proceeds derived by the  
447 lessor from the lease or rental of the linens and garments.

448 (b) Notwithstanding subsection (a), nothing shall



## SB232 INTRODUCED

449 prohibit a lessor subject to a state or local privilege or  
450 license tax from passing the amounts on to a lessee by adding  
451 the taxes to the leasing price or otherwise; provided,  
452 however, that all amounts passed on to the lessee shall be  
453 includable in the gross proceeds derived from the lease of  
454 tangible personal property which shall be subject to the  
455 privilege or license tax owed by the lessor.

456 (c) The state and applicable local privilege or license  
457 taxes applicable to a lease or rental transaction to which a  
458 lessor is subject shall be determined as follows:

459 (1) Except for automotive vehicles as provided in  
460 subdivision (2), the following shall apply:

461 a. When tangible personal property is delivered to the  
462 lessee by the lessor or his or her agent, the privilege or  
463 license tax levy shall be determined based on where the  
464 property is delivered.

465 b. When tangible personal property is picked up at the  
466 lessor's rental location by the lessee or his or her agent,  
467 the privilege or license tax levy shall be determined based on  
468 the rental location.

469 (2) For automotive vehicles required to be registered  
470 pursuant to Section 32-6-61, each lease payment is considered  
471 a separate lease transaction and occurs in the location as  
472 provided below and the following rules shall apply:

473 a. The privilege or license tax levy on any  
474 nonrecurring gross proceeds due at the inception of the lease  
475 to a new motor vehicle dealer or a used motor vehicle dealer  
476 licensed pursuant to Section 40-12-391, including any



## SB232 INTRODUCED

477 capitalized cost reduction or other fee that is retained by  
478 the dealer in connection with its initiation of the lease,  
479 shall be determined based on the location of the dealer where  
480 the lease was initiated.

481           b. The privilege or license tax levy on gross proceeds  
482 other than those described in paragraph a., including the  
483 initial lease or rental payment and all subsequent lease or  
484 rental payments, shall be determined based on the garage  
485 address of the lessee as provided to the county licensing  
486 official. The lessor is considered to be engaging or  
487 continuing within this state in the business of leasing or  
488 renting tangible personal property when its lessee has a  
489 garage address within this state."

490           Section 15. This act shall become effective on the  
491 first day of the third month following its passage and  
492 approval by the Governor, or its otherwise becoming law.