

1 SB28  
2 208787-1  
3 By Senator Jones  
4 RFD: Governmental Affairs  
5 First Read: 02-FEB-21  
6 PFD: 12/17/2020

SYNOPSIS: Under current law, a licensed used motor vehicle dealer may purchase a maximum combined total of five motor vehicle dealer and motorcycle dealer license plates unless the dealer completed 300 or more title transfer applications during the preceding dealer license year.

This bill would provide for an increase in the maximum combined total of motor vehicle dealer and motorcycle dealer license plates a used motor vehicle dealer may purchase to 10 without regard to the number of title transfer applications by the dealer during the preceding dealer license year.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to motor vehicle dealer plates; to amend Section 40-12-264 of Code of Alabama 1975, as amended by Act 2019-244 of the 2019 Regular Session, to provide for an

1 increase in the maximum combined total of dealer and  
2 motorcycle dealer license plates a used motor vehicle dealer  
3 may purchase without regard to the number of title transfer  
4 applications by the dealer during the preceding dealer license  
5 year.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. Section 40-12-264, Code of Alabama 1975,  
8 as amended by Act 2019-244, 2019 Regular Session, is amended  
9 to read as follows:

10 "§40-12-264.

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

15 "(b) Notwithstanding Section 32-6-65, a new or used  
16 motor vehicle dealer who has a current regulatory license  
17 required under this article and a dealer license as required  
18 by Section 40-12-51 or Section 40-12-169 may purchase dealer  
19 license plates from the department upon presentation of the  
20 current licenses and payment of the fee for a private  
21 passenger automobile as provided in subdivision (1) of  
22 subsection (a) of Section 40-12-242 and subsection (a) of  
23 Section 40-12-273 per dealer plate. An additional two dollar  
24 (\$2) issuance fee shall also be collected by the department. A  
25 new or used motor vehicle dealer that has a current regulatory  
26 license required under this article and a dealer license as  
27 required by Section 40-12-62 may purchase motorcycle dealers'

1 license plates from the department upon presentation of  
2 current licenses and payment of the motorcycle registration  
3 fee as provided by subdivision (2) of subsection (a) of  
4 Section 40-12-242 and subsection (c) of Section 40-12-273 per  
5 license plate. An additional two dollar (\$2) issuance fee  
6 shall also be collected by the department. Dealer license  
7 plates and motorcycle dealer license plates may only be used  
8 on motor vehicles owned by the dealership and being held in  
9 the inventory of the dealer. The number of dealer license  
10 plates is limited as follows:

11 "(1) A licensed new motor vehicle dealer may  
12 purchase a maximum combined total of 35 dealer and motorcycle  
13 dealer license plates unless the dealer qualifies for  
14 additional dealer license plates as provided for in  
15 subdivision (3).

16 "(2) A licensed used motor vehicle dealer may  
17 purchase a maximum combined total of ~~five~~ 10 dealer and  
18 motorcycle dealer license plates unless the dealer qualifies  
19 for additional dealer license plates as provided for in  
20 subdivision (3).

21 "(3) Any licensed new or used motor vehicle dealer  
22 who completes applications for certificates of title involving  
23 title transfers for 300 or more motor vehicles in this state  
24 during the previous dealer regulatory license year may  
25 purchase a combined total of not more than 25 additional  
26 dealer and motorcycle dealer license plates.

1           "(c) Dealer license plates may be used by  
2 prospective purchasers, owners, partners, corporate officers,  
3 and employees of the dealership and only on vehicles owned by  
4 the dealership and being held in the inventory of the dealer.  
5 Dealer license plates shall not be used on vehicles that are  
6 utilized by the dealership as rental or lease vehicles, tow  
7 trucks, service trucks or vans, or for other commercial  
8 purposes. A prospective purchaser shall be limited to 72 hours  
9 of use of dealer license plates. All vehicles on temporary  
10 loan from a motor vehicle dealer to a customer whose vehicle  
11 is being serviced or repaired by the dealer or to a high  
12 school for the purpose of student driver education shall be  
13 considered dealer demonstrator vehicles and dealer license  
14 plates may be used on these vehicles provided a fee is not  
15 charged by the dealer for the use.

16           "(d) Licensed new and used motor vehicle dealers  
17 selling trucks or truck tractors with more than two axles on  
18 the power unit or a gross weight exceeding 26,000 pounds shall  
19 allow prospective purchasers to use dealer license plates for  
20 one payload trip only, and that use shall not exceed 72 hours.  
21 The dealer shall provide the prospective purchaser a permit  
22 fully describing the vehicle by make, model, year, and vehicle  
23 identification number. The permit shall contain the complete  
24 name and address of the dealership and of the prospective  
25 customer and shall clearly indicate the date and time the  
26 permit was issued. The permit and dealer license plate shall  
27 be issued only for demonstration purposes, and shall not be

1 issued by the dealer when a vehicle is loaned or rented to an  
2 operator for any other purpose.

3 "(e) A licensed new or used motor vehicle dealer,  
4 upon proper application, may be issued a temporary seven-day  
5 dealer transit license plate to be used on motor vehicles  
6 being offered for sale to licensed motor vehicle dealers. The  
7 temporary dealer transit license plate shall be issued in a  
8 manner as prescribed by the department. Temporary seven-day  
9 dealer transit license plates may be used by the new or used  
10 motor vehicle dealer to transport vehicles within the  
11 inventory of the dealer. The temporary seven-day dealer  
12 transit license plates shall not be used on service vehicles,  
13 which include tow trucks and rental and lease vehicles, or  
14 used for other commercial purposes. The fees for the seven-day  
15 dealer transit license plates shall be five dollars (\$5).

16 "(f) A motor vehicle wholesale auction, licensed  
17 under Section 40-12-446, upon proper application, may be  
18 issued a seven-day auction transit license plate to be used to  
19 transport vehicles to and from the auction. The seven-day  
20 auction transit license plate shall be issued in a manner as  
21 prescribed by the department. The seven-day auction transit  
22 license plate may not be used on service vehicles, which  
23 include tow trucks and rental and lease vehicles, or used for  
24 other commercial purposes. The fee for a seven-day auction  
25 transit license plate shall be five dollars (\$5).

1           "(g) A licensed motor vehicle dealer may purchase a  
2 temporary seven-day dealer transit license plate to be used in  
3 accordance with subsection (a) of Section 32-8-87.

4           "(h) Notwithstanding Section 32-6-65, any  
5 manufacturer of private passenger automobiles, motorcycles,  
6 trucks, truck tractors, or trailers who has manufacturing  
7 facilities located in this state and has a current  
8 manufacturer's license as required by Section 40-12-87, may  
9 procure manufacturer license plates from the department upon  
10 payment of the private passenger automobile or motorcycle fees  
11 per plate, as provided in subdivision (1) or (2) of subsection  
12 (a) of Section 40-12-242 and subsection (a) or (c) of Section  
13 40-12-273. An additional two dollar (\$2) issuance fee shall  
14 also be collected by the department. The word "manufacturer"  
15 shall appear on the license plates. The license plates may be  
16 used for transporting and testing new motor vehicles owned by  
17 the manufacturer.

18           "(i) The proceeds of the fees levied in this section  
19 shall not be subject to proration. The registration fees  
20 collected pursuant to this section for dealer license plates  
21 and manufacturer license plates shall be distributed by the  
22 department in the same manner as fees for private passenger  
23 automobiles and motorcycles pursuant to Sections 40-12-269,  
24 40-12-270, and 40-12-274. The five dollar (\$5) fee for the  
25 issuance of the seven-day dealer transit plates and the  
26 seven-day auction transit plates and the additional two dollar  
27 (\$2) issuance fee for dealer license plates and manufacturer

1 license plates shall be retained by the department to offset  
2 the cost of administering this article. The five dollar (\$5)  
3 fee and the two dollar (\$2) issuance fee, in addition to all  
4 other appropriations, shall be continuously appropriated to  
5 the department. No fees provided in this section may be  
6 refunded.

7 "(j) No motor vehicle ad valorem taxes, registration  
8 fees imposed by local law, or issuance fees imposed by local  
9 law shall be collected by the department when issuing license  
10 plates pursuant to this section. In addition, motor vehicle  
11 delinquency penalties and interest fees shall not be  
12 applicable when issuing license plates pursuant to this  
13 section.

14 "(k) No motor vehicle ad valorem taxes or sales tax  
15 shall be collected by the local issuing official when a  
16 standard plate is issued for a motor vehicle held in inventory  
17 by a licensed new or used motor vehicle dealer.

18 "(l) Any person to whom license plates are issued  
19 under this section, upon forfeiture or revocation of his or  
20 her license under Section 40-12-390, et seq., or upon  
21 discontinuing business, shall surrender to the department all  
22 license plates issued within 10 calendar days from the date of  
23 forfeiture or revocation of license or discontinuing business.

24 "(m) Motor vehicle dealer, motorcycle dealer,  
25 manufacturer, auction transit, or dealer transit license  
26 plates may not be used in lieu of regular issued license  
27 plates as a means of avoiding the registration and ad valorem



1 tax requirements of this chapter. Any person who willfully  
2 misuses or unlawfully acquires a license plate issued under  
3 this section in a manner not authorized by this section and  
4 rules adopted pursuant to this section shall be subject to a  
5 penalty assessed by the department in the amount of two  
6 hundred dollars (\$200) for the first violation and five  
7 hundred dollars (\$500) for each subsequent violation.

8 "(n) A licensed new or used motor vehicle dealer  
9 shall register any motor vehicle and purchase an Alabama  
10 license plate of the proper classification for any motor  
11 vehicle withdrawn from the inventory of the dealer.

12 "(o) A motor vehicle dealer, motorcycle dealer, or  
13 manufacturer license plate may be replaced in accordance with  
14 Section 40-12-265.

15 "(p) Any person who makes willful misstatements or  
16 files documents with erroneous information in order to obtain  
17 motor vehicle dealer, motorcycle dealer, dealer transit,  
18 auction transit, or manufacturer license plates shall be  
19 guilty of a Class A misdemeanor subject to criminal penalties  
20 as provided by law, and may be assessed a civil penalty of one  
21 thousand dollars (\$1,000) by the department.

22 "(q) A new or used motor vehicle dealer, motor  
23 vehicle rebuilder, or motor vehicle wholesaler, licensed  
24 pursuant to Section 40-12-51, 40-12-62, or 40-12-169 and  
25 Section 40-12-391, or a manufacturer of private passenger  
26 automobiles, motorcycles, trucks, truck tractors, or trailers  
27 that is licensed pursuant to Section 40-12-87, is prohibited

1 from renewing his or her licenses if the new or used motor  
2 vehicle dealer, motor vehicle rebuilder, motor vehicle  
3 wholesaler, or manufacturer fails to pay any outstanding  
4 liabilities resulting from the assessment of penalties  
5 provided in this section."

6 Section 2. This act shall become effective on  
7 October 1, 2021, following its passage and approval by the  
8 Governor, or its otherwise becoming law.