

1 HB244  
2 204939-2  
3 By Representative Wood (R)  
4 RFD: State Government  
5 First Read: 13-FEB-20

SYNOPSIS: Under existing law, a licensed motor vehicle wholesale auction may purchase a temporary seven-day auction transit license plate to be used to transport vehicles to and from auction.

This bill would provide a licensed motor vehicle wholesale auction the ability to purchase up to 25 auction transit license plates to transport vehicles to and from auction in lieu of temporary seven-day auction transit license plates.

This bill would also require a licensed motor vehicle wholesale auction to obtain a supplemental license for each additional location and would require the purchase of blanket motor vehicle liability insurance coverage on vehicles by the auction.

A BILL  
TO BE ENTITLED  
AN ACT

1                   Relating to motor vehicle wholesale auction  
2           licensing; to amend Sections 40-12-264 and 40-12-447, Code of  
3           Alabama 1975, to provide for an auction transit license plate;  
4           and to further provide requirements for motor vehicle  
5           wholesale auctions.

6           BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7                   Section 1. Sections 40-12-264 and 40-12-447, Code of  
8           Alabama 1975, are amended to read as follows:

9                   "§40-12-264.

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

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

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

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

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

20 "(3) Any licensed new or used motor vehicle dealer  
21 who completes Alabama applications for certificates of title  
22 involving title transfers for 1500 or more motor vehicles in  
23 this state during the previous dealer regulatory license year  
24 may purchase a combined total of not more than 25 additional  
25 dealer and motorcycle dealer license plates.

26 "(c) Dealer license plates may be used by  
27 prospective purchasers, owners, partners, corporate officers,

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

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

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

14           "(f) A motor vehicle wholesale auction, licensed  
15 under Section 40-12-446, may purchase up to 25 auction transit  
16 license plates from the department upon proper application,  
17 may be issued a seven-day and payment of the fee for a private  
18 passenger automobile as provided in subdivision (1) of  
19 subsection (a) of Section 40-12-242 and subsection (a) of  
20 Section 40-12-273 for each auction transit license plate. An  
21 additional two dollar (\$2) issuance fee shall also be  
22 collected by the department. The auction transit license plate  
23 plates to may only be used to transport vehicles to and from  
24 the auction. The seven-day auction transit license plate shall  
25 be issued in a manner as prescribed by the department. The  
26 seven-day auction transit license plate may not be used on  
27 service vehicles, which include tow trucks and rental and

1 lease vehicles, or used for other commercial purposes. ~~The fee~~  
2 ~~for a seven-day auction transit license plate shall be five~~  
3 ~~dollars (\$5)~~ An additional amount of auction transit license  
4 plates may be authorized pursuant to the reporting  
5 requirements required under Section 40-12-446 and rules  
6 adopted by the department.

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

10 "(h) Notwithstanding Section 32-6-65, any  
11 manufacturer of private passenger automobiles, motorcycles,  
12 trucks, truck tractors, or trailers who has manufacturing  
13 facilities located in this state and has a current  
14 manufacturer's license as required by Section 40-12-87, may  
15 procure manufacturer license plates from the department upon  
16 payment of the private passenger automobile or motorcycle fees  
17 per plate, as provided in subdivision (1) or (2) of subsection  
18 (a) of Section 40-12-242 and subsection (a) or (c) of Section  
19 40-12-273. An additional two dollar (\$2) issuance fee shall  
20 also be collected by the department. The word "manufacturer"  
21 shall appear on the license plates. The license plates may be  
22 used for transporting and testing new motor vehicles owned by  
23 the manufacturer.

24 "(i) The proceeds of the fees levied in this section  
25 shall not be subject to proration. The registration fees  
26 collected pursuant to this section for dealer license plates,  
27 auction transit license plates, and manufacturer license

1 plates shall be distributed by the department in the same  
2 manner as fees for private passenger automobiles and  
3 motorcycles pursuant to Sections 40-12-269, 40-12-270, and  
4 40-12-274. The five dollar (\$5) fee for the issuance of the  
5 seven-day dealer transit plates ~~and the seven-day auction~~  
6 ~~transit plates~~ and the additional two dollar (\$2) issuance fee  
7 for dealer license plates, auction transit license plates, and  
8 manufacturer license plates shall be retained by the  
9 department to offset the cost of administering this article.  
10 The five dollar (\$5) fee and the two dollar (\$2) issuance fee,  
11 in addition to all other appropriations, shall be continuously  
12 appropriated to the department. No fees provided in this  
13 section may be refunded.

14 "(j) No motor vehicle ad valorem taxes, registration  
15 fees imposed by local law, or issuance fees imposed by local  
16 law shall be collected by the department when issuing license  
17 plates pursuant to this section. In addition, motor vehicle  
18 delinquency penalties and interest fees shall not be  
19 applicable when issuing license plates pursuant to this  
20 section.

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

25 "(l) Any person to whom license plates are issued  
26 under this section, upon forfeiture or revocation of his or  
27 her license under Section 40-12-390 or Section 40-12-447, et

1 seq., or upon discontinuing business, shall surrender to the  
2 department all license plates issued within 10 calendar days  
3 from the date of forfeiture or revocation of license or  
4 discontinuing business.

5 "(m) Motor vehicle dealer, motorcycle dealer,  
6 manufacturer, auction transit, or dealer transit license  
7 plates may not be used in lieu of regular issued license  
8 plates as a means of avoiding the registration and ad valorem  
9 tax requirements of this chapter. Any person who willfully  
10 misuses or unlawfully acquires a license plate issued under  
11 this section in a manner not authorized by this section and  
12 rules adopted pursuant to this section shall be subject to a  
13 penalty assessed by the department in the amount of two  
14 hundred dollars (\$200) for the first violation and five  
15 hundred dollars (\$500) for each subsequent violation.

16 "(n) A licensed new or used motor vehicle dealer  
17 shall register any motor vehicle and purchase an Alabama  
18 license plate of the proper classification for any motor  
19 vehicle withdrawn from the inventory of the dealer.

20 "(o) A motor vehicle dealer, motorcycle dealer,  
21 auction transit, or manufacturer license plate may be replaced  
22 in accordance with Section 40-12-265.

23 "(p) Any person who makes willful misstatements or  
24 files documents with erroneous information in order to obtain  
25 motor vehicle dealer, motorcycle dealer, dealer transit,  
26 auction transit, or manufacturer license plates shall be  
27 guilty of a Class A misdemeanor subject to criminal penalties

1 as provided by law, and may be assessed a civil penalty of one  
2 thousand dollars (\$1,000) by the department.

3 "(q) A new or used motor vehicle dealer, motor  
4 vehicle rebuilder, or motor vehicle wholesaler, licensed  
5 pursuant to Section 40-12-51, 40-12-62, or 40-12-169 and  
6 Section 40-12-391, or a manufacturer of private passenger  
7 automobiles, motorcycles, trucks, truck tractors, or trailers  
8 that is licensed pursuant to Section 40-12-87, or a motor  
9 vehicle wholesale auction licensed pursuant to Section  
10 40-12-446, is prohibited from renewing his or her licenses if  
11 the new or used motor vehicle dealer, motor vehicle rebuilder,  
12 motor vehicle wholesaler, ~~or~~ manufacturer, or motor vehicle  
13 wholesale auction fails to pay any outstanding liabilities  
14 resulting from the assessment of penalties provided in this  
15 section.

16 "§40-12-447.

17 "(a) (1) An application for a license as a motor  
18 vehicle wholesale auction shall be accompanied by a state  
19 privilege license fee equal to the fee levied under Section  
20 40-12-392 and any additional fee for issuing licenses as may  
21 be otherwise prescribed by law.

22 "(2) A person licensed under this article shall  
23 obtain a supplemental license for each additional place of  
24 business in a manner as prescribed by the commissioner and  
25 upon payment of an additional application fee of five dollars  
26 (\$5) for each additional location. The requirements of Article

1 10 of Chapter 12 of Title 40 shall apply to each additional  
2 place of business.

3 "(3) A person licensed under this article shall  
4 maintain blanket motor vehicle liability insurance coverage on  
5 vehicles operated on public streets and highways of this  
6 state. The licensee shall file evidence of liability insurance  
7 with the application for license. A licensee who fails to  
8 maintain motor vehicle liability insurance coverage during the  
9 licensing period may be subject to the penalty provisions  
10 provided in Section 40-12-392.

11 "(b) A privilege license issued to a motor vehicle  
12 wholesale auction under this article shall be valid for one  
13 year from the first day of October and shall be renewed on  
14 October 1 of each year. Thirty days of grace for obtaining the  
15 license shall be allowed without penalty. Thereafter,  
16 penalties prescribed under this article for delinquent  
17 licenses shall be imposed."

18 Section 2. This act shall become effective October  
19 1, 2020, following its passage and approval by the Governor,  
20 or its otherwise becoming law.