

1 HB384  
2 146471-1  
3 By Representative Gaston  
4 RFD: County and Municipal Government  
5 First Read: 05-MAR-13

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8 SYNOPSIS: Under existing law, a motor vehicle owner is  
9 required to pay annual ad valorem tax on the motor  
10 vehicle.

11 This bill would prohibit the owner of a  
12 motor vehicle from being held liable for the unpaid  
13 ad valorem taxes of a previous owner of the motor  
14 vehicle.

15  
16 A BILL  
17 TO BE ENTITLED  
18 AN ACT

19  
20 To amend Section 40-12-253, Code of Alabama 1975,  
21 relating to ad valorem taxation of motor vehicles; to prohibit  
22 the owner of a motor vehicle from being held liable for the  
23 unpaid ad valorem taxes of a previous owner of the motor  
24 vehicle.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

26 Section 1. Section 40-12-253 of the Code of Alabama  
27 1975, is amended to read as follows:

1           "§40-12-253.

2           "(a) Effective January 1, 2000, ad valorem taxes on  
3 motor vehicles shall be assessed and the tax collected forward  
4 on a current basis to coincide with the collection of motor  
5 vehicle license taxes and registration fees.

6           "(1) Ad valorem taxes on motor vehicles shall become  
7 due and payable on the first day of the registration renewal  
8 month of the owner, the date the motor vehicle enters the  
9 State of Alabama, the date the motor vehicle is removed from  
10 the inventory of a dealer, or the date on which the motor  
11 vehicle is otherwise determined to be taxable, whichever comes  
12 first. Ad valorem taxes on motor vehicles shall become  
13 delinquent on the first day of the month following the  
14 registration renewal month for the owner or as otherwise  
15 provided by law. However the ad valorem tax due at the time of  
16 registration on a new motor vehicle registered for the first  
17 time with a manufacturer's certificate of origin where the  
18 motor vehicle meets the definition of Class IV property as  
19 defined in subsection (a) of Section 40-8-1, and subdivision  
20 (3) of subsection (b) of Section 40-8-1 shall be deferred  
21 until the first renewal or other subsequent registration,  
22 whichever comes first. The first renewal or other subsequent  
23 registration shall include the ad valorem tax that would have  
24 been due at the time of the first registration and the next  
25 year's ad valorem tax to be paid in advance.

26           "(2) Ad valorem tax on motor vehicles shall be  
27 collected through the last day of the month which precedes the

1 assigned registration renewal month for the owner as provided  
2 in Section 32-6-61. The definition of owner shall be as  
3 defined in subdivision (14) of Section 40-12-240.

4 "(3) No license shall be issued to operate a motor  
5 vehicle on the public highways of this state, nor shall any  
6 transfer be made by the license issuing official under this  
7 article, until the ad valorem tax on the motor vehicle is paid  
8 in the county, as evidenced either by a receipt of the tax  
9 collecting official where the owner of the motor vehicle  
10 resides, if the motor vehicle is owned by an individual, or by  
11 the receipt of the tax collecting official in the county where  
12 the motor vehicle is based, if the motor vehicle is owned by a  
13 firm, corporation, or association. The definition of the base  
14 of a vehicle shall be the place where a vehicle is most  
15 frequently dispatched, garaged, serviced, maintained,  
16 operated, or otherwise controlled, and from which it  
17 ordinarily departs and to which it ordinarily returns.

18 "(4) Every person, firm, or corporation that plans  
19 to operate a motor vehicle shall first return the motor  
20 vehicle for ad valorem taxation to the tax assessing official  
21 of the county where the individual resides or, if a firm or  
22 corporation, where the vehicle is based, and the tax assessing  
23 official shall deliver to the person making the return a  
24 certificate of assessment on a form prescribed by the  
25 Department of Revenue, and the certificate shall be the  
26 warrant of the tax collecting official to collect the tax as  
27 shown on the assessment form.

1           "(5) Valuation for ad valorem tax assessment  
2 purposes shall be based, as specified by law, on the value of  
3 the motor vehicle on October 1, as provided by the Department  
4 of Revenue. The October 1 valuation shall be used for  
5 calculating ad valorem taxes for the next succeeding year  
6 beginning January 1 and continuing through December 31.

7           "(6) Before any motor vehicle can be assessed, the  
8 tax assessing official shall determine the amount of ad  
9 valorem taxes due on the motor vehicle from information  
10 provided by the owner. If the number of months for which taxes  
11 are delinquent cannot be determined, the motor vehicle shall  
12 be presumed to have been in the state for one preceding year  
13 in addition to the current tax year for ad valorem tax  
14 assessing and collecting purposes. Motor vehicles with  
15 delinquent registrations shall be subject to payment of  
16 escaped ad valorem taxes for up to two prior years plus the  
17 current year, except for the ad valorem taxes that would have  
18 been due in arrears in 1999 during the transition year. In no  
19 event may the owner of a motor vehicle be assessed unpaid ad  
20 valorem taxes that are attributable to a previous owner of the  
21 motor vehicle.

22           "(b) The license issuing official shall require the  
23 applicant to surrender the receipt of the tax collecting  
24 official which shall be kept on file in the license issuing  
25 official's office. The license plate shall be evidence of the  
26 payment of the license and the ad valorem tax due as provided  
27 under this article. The license issuing official may issue a

1 motor vehicle license plate upon receiving certification from  
2 the tax assessing official that there is no ad valorem tax due  
3 on the motor vehicle.

4 "(c) Ad valorem taxes on a motor vehicle shall be  
5 collected on an annual current basis in the registration  
6 renewal month of the owner thereof, in conjunction with  
7 registration of the motor vehicle; provided, however, that ad  
8 valorem taxes due at the time of registration shall be  
9 prorated on a monthly basis from the date the motor vehicle  
10 enters the State of Alabama, from the date the motor vehicle  
11 is removed from the inventory of a dealer, from the date of  
12 transfer of ownership of the motor vehicle, or upon the date  
13 the motor vehicle otherwise becomes subject to taxation.

14 "(d) Upon the sale, trade, total destruction,  
15 permanent removal from Alabama, theft without recovery, or  
16 other transfer of a motor vehicle, hereafter referred to as a  
17 "demitted motor vehicle" constituting Class I, Class II, or  
18 Class IV Property under Section 40-8-1, the owner of the  
19 demitted motor vehicle shall be entitled to a pro rata credit  
20 for the ad valorem taxes paid with respect thereto for the  
21 remainder of the then current period for which the taxes have  
22 been paid. In determining the credit available, the total ad  
23 valorem taxes previously paid for the then current  
24 registration period shall be determined by a ratio, the  
25 numerator of which shall be the number of full calendar months  
26 from the date the motor vehicle is demitted to the last day of  
27 the month which precedes the assigned registration renewal

1 month for the owner as provided in Section 32-6-61, and the  
2 denominator of which shall be the number of months for which  
3 ad valorem taxes shall have been paid with respect to the  
4 motor vehicle. The ad valorem tax credit shall be evidenced by  
5 a serially numbered credit voucher, the form of which shall be  
6 specified by the department, bearing the name of the person  
7 entitled to the credit. The ad valorem tax credit so  
8 determined shall either (i) be allowed at the election of the  
9 owner on a pro rata basis against all ad valorem taxes payable  
10 on another motor vehicle or vehicles acquired by the owner in  
11 conjunction with the sale or trade of the motor vehicle in  
12 respect of which the credit is allowable under this  
13 subsection, or (ii) be allowed by the tax collecting official  
14 on a pro rata basis against all ad valorem taxes payable on  
15 another motor vehicle or vehicles owned by the owner or a  
16 member of the owner's immediate family. No interest shall be  
17 allowable on the amount of any credit allowable hereunder. A  
18 credit issued shall be creditable only against ad valorem  
19 taxes levied by those taxing authorities whose ad valorem  
20 taxes had been paid by the owner with respect to the motor  
21 vehicle for which a credit is allowed. No credit shall be  
22 allowable against any ad valorem taxes levied by the state  
23 unless the credit shall be eligible for application and  
24 applied against ad valorem taxes levied by taxing authorities  
25 other than the state. A credit voucher must be used at the  
26 time of issuance. In the event a voucher is presented for  
27 credit against ad valorem taxes due and the amount of the

1 voucher is in excess of the taxes due, a new voucher for the  
2 excess amount shall be issued referencing the date of issuance  
3 of the voucher so presented. The new voucher shall be  
4 designated a receipt for credit for reporting purposes with a  
5 copy given to the owner. Immediately upon issuance of a  
6 receipt for credit and no later than the twentieth day of the  
7 month following the month in which the new voucher was issued,  
8 the tax collecting official shall remit to the owner a refund  
9 credit payment in the amount of the receipt for credit. When a  
10 credit voucher is issued and no ad valorem taxes payable on a  
11 vehicle are available for credit to the owner, the voucher  
12 shall be designated a receipt for credit for reporting  
13 purposes with a copy given to the owner. Immediately upon  
14 issuance of a receipt for credit and no later than the  
15 twentieth day of the month following the month in which the  
16 new voucher was issued, the tax collecting official shall  
17 remit to the owner a refund credit payment in the amount of  
18 the receipt for credit.

19 "(e) The credit provided under subsection (d) may be  
20 claimed by the owner of a motor vehicle pursuant to the  
21 procedure and upon presentation of the evidence of payment of  
22 tax and eligibility for credit pursuant to subsection (d) as  
23 specified by regulations issued by the Department of Revenue,  
24 including a sworn affidavit of the buyer in the case of a sale  
25 or trade of the motor vehicle. The tax collecting official  
26 shall charge and collect as a condition to the redemption of a  
27 credit voucher or the remittance of a refund credit payment a



1 commission in order to defray the costs thereof at a flat rate  
2 of two dollars (\$2) for each credit voucher redeemed or refund  
3 remitted, which shall be collected by the tax collecting  
4 official at the time of the transaction. One-half of the  
5 commissions and fees so collected shall be deposited into the  
6 general fund of the county in which the fees are collected and  
7 the balance shall be remitted to the State General Fund. There  
8 is hereby appropriated for the use of the department in  
9 carrying out its responsibilities hereunder in each fiscal  
10 year a sum as the Legislature shall appropriate to the  
11 department for this purpose.

12 "(f) In no event may a credit be claimed under  
13 subsection (d), whether in conjunction with the sale or trade  
14 of a motor vehicle or pursuant to the issuance of a credit  
15 voucher as provided for in subsection (d), later than 12  
16 months after the date a motor vehicle is demitted.

17 "(g) The tax assessing officials and tax collecting  
18 officials of the counties in this state, in addition to  
19 assessing and collecting the ad valorem taxes due the state  
20 and counties on motor vehicles, shall collect the ad valorem  
21 taxes on motor vehicles due all cities in this state.

22 "(1) The tax collecting official shall report and  
23 pay the money collected for cities at the same time and in the  
24 same manner as state and county taxes are reported and paid by  
25 the official. The tax assessing and tax collecting officials  
26 shall each receive a commission of two and one-half percent of  
27 the amount of city taxes collected. The tax collecting

1 officials shall deduct this commission from the amount  
2 collected before paying the city treasury and, at the same  
3 time, pay to the tax assessing official any commissions due  
4 him or her under this article.

5 "(2) The license issuing official shall not issue a  
6 license to operate a motor vehicle on the highways of this  
7 state until all ad valorem taxes due the state, counties, and  
8 cities are paid as evidenced by a receipt of the tax  
9 collecting official.

10 "(h) Motor vehicles assessed under this section  
11 shall not be included in any assessment made by any person,  
12 firm, or corporation under Section 40-11-1, and the motor  
13 vehicles shall not be considered an escape property by reason  
14 of the failure to include the property value of the motor  
15 vehicle in any tax return as of October 1. All motor vehicles  
16 shall be assessed and the taxes shall be collected on the  
17 motor vehicles as herein provided. The foregoing  
18 notwithstanding, any machinery or equipment including, but not  
19 limited to, cement mixers, wrecker rigs, and box-type bodies  
20 which may be added to a motor vehicle after it leaves the  
21 original manufacturer and may be moved from one motor vehicle  
22 to another shall be separately valued and assessed with the  
23 tax assessing official as personal property.

24 "(i) In addition to the refunds provided for in  
25 subsection (d), refunds shall be granted for ad valorem taxes  
26 on motor vehicles for monies collected in error, as provided

1 in Section 40-7-9.1, or upon evidence of valuation change or  
2 adjustment by the county board of equalization.

3 "(j) All millage rate levies and changes affecting  
4 ad valorem taxes on motor vehicles shall become effective on  
5 the January 1 following the levy or rate change.

6 "(k) The Department of Revenue may promulgate and  
7 implement rules and regulations for the administration of this  
8 section."

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