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# State of Alabama Department of Revenue

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## **MEMORANDUM**

**2011-23**

**TO:** License Plate Issuing Officials

**FROM:** Jay Starling, Registration Section Manager  
Motor Vehicle Division

**SUBJECT:** Dealer License Plate Law (Act 2011-554)

This memorandum provides guidance regarding the amendments to the dealer license plate law, Section 40-12-264, Code of Alabama 1975, (Act 2011-554), which was effective on October 1, 2011.

The following questions were submitted to the Motor Vehicle Division and have been answered based on the opinion of Department's legal counsel.

1. May a new or used automobile dealer obtain and display a standard license plate on a vehicle in the dealer's inventory?

Yes. The statutes do not specifically prohibit the issuance of a standard license plate to a vehicle in the dealer's inventory.

2. May a new or used automobile dealer obtain and display a distinctive or personalized license plate on a vehicle in the dealer's inventory?

Yes. The statutes do not specifically prohibit the issuance of a distinctive license plate to a vehicle in the dealer's inventory. A personalized license plate is considered a distinctive license plate.

3. May automobile wholesalers purchase standard or distinctive license plates for vehicles in their inventory?

Yes. The statutes do not specifically prohibit the issuance of a standard or distinctive license plate to a vehicle in the wholesaler's inventory. A personalized license plate is considered a distinctive license plate.

4. May automobile rebuilders and reconditioners purchase standard or distinctive license plates for vehicles in their inventory?

No. Section 32-8-87(a) prohibits the issuance of a standard or distinctive license plate to vehicles for which a junk or salvage title has been issued. However, rebuilders and reconditioners may obtain and display dealer transit license plates.

5. If a dealer or wholesaler elects to obtain and display a standard or distinctive license plate on a vehicle in the dealer's inventory, is the vehicle required to be inspected by the county license plate issuing official?

Yes. When a standard or distinctive license plate is issued and the vehicle has not been registered in this state during the current or previous two calendar years, the license plate issuing official must physically inspect the vehicle in order to verify that the vehicle identification number on the vehicle is the same as the vehicle identification number reflected on documents presented for registration.

6. If a dealer or wholesaler elects to obtain and display a standard or distinctive license plate on a vehicle in the dealer's inventory, is the dealer required to pay ad valorem and sales tax?

No. The imposition of ad valorem and sales tax is not dependent on the purchase of a license plate for a vehicle within the dealer's inventory.

7. What does the phrase "withdrawn from inventory of the dealer" mean?

The phrase "withdrawn from inventory of the dealer" means that the vehicle is no longer held for sale or lease. The following are examples of vehicles that may be considered withdrawn from inventory of the dealer:

- service vehicles (tow trucks, service trucks or vans)
- rental or lease vehicles
- prospective purchasers who demonstrate vehicles beyond the 72 hour limit

8. Are ad valorem and sales taxes due when a vehicle is withdrawn from inventory?

Yes. All ownership taxes, title fees and registration fees are due when a vehicle is withdrawn from inventory.

Please contact the Motor Vehicle Division, Registration Section, at (334) 242-9006 or [tags@revenue.alabama.gov](mailto:tags@revenue.alabama.gov) if you have any questions regarding this memorandum.