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State of Alabama Department of Revenue

(www.revenue.alabama.gov)
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July 9, 2014

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MEMORANDUM

2014-17

TO: License Plate Issuing Officials
Programmers/System Vendors
Automobile Dealers Association of Alabama
Alabama Independent Automobile Dealers Association

FROM: Sherry Helms, Registration Unit SCH
Motor Vehicle Division

SUBJECT: 2014 Legislation Regarding Dealer License and License Plate Requirements

During the regular session of the 2014 legislature, Act 2014-158 was signed into law by Governor Bentley. This memorandum is intended to provide a summary of the Act as it impacts dealer licensing and license plate requirements.

Effective Date: August 1, 2014

Subject: Dealer Regulatory License

Code Sections: 40-12-390, 40-12-391, 40-12-392, 40-12-395, 40-12-396, 40-12-398 & 40-12-400

Amended Provisions

- Definitions are updated in Code section 40-12-390 as follows:

Motor Vehicle Reconditioner is now included in the definition of a motor vehicle rebuilder so that these persons, firms, or corporations will now qualify and register for a dealer regulatory license under the motor vehicle rebuilder category. A separate motor vehicle reconditioner dealer regulatory license will no longer exist.

The New and Used motor vehicle dealer definitions are amended to include a motor vehicle rebuilder and motor vehicle wholesaler as defined in 40-12-390. Additionally, **motorcycle and trailer dealers are included in the definition and they must obtain a dealer regulatory license.** If a dealer only sells trailers that are not required to have a certificate of title, no regulatory license is required.

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➤ Bonding Requirements

All new and used motor vehicle dealers, wholesalers and rebuilders are required to deliver to the department a surety bond in the amount of twenty-five thousand dollars (\$25,000). For new and used motor vehicle dealers, the bond shall be conditioned upon their performance as a designated agent of the department. The bond will be continuous and must be in effect as long as the dealer is in business. There will no longer be separate dealer and designated agent bonds for new and used motor vehicle dealers.

➤ Off-site licenses

The time frame for a new or used motor vehicle dealer to obtain an off-site license has been reduced from not later than fourteen (14) days prior to the sale to at least one (1) calendar day before conducting the off-site sale.

Effective Date: **October 1, 2014**
Subject: **Dealer License Plates**
Code Section: **40-12-264**

Amended Provisions

- New and used motor vehicle dealers must present their Section 40-12-51, 40-12-62 or 40-12-169 business license along with their Section 40-12-391 Dealer Regulatory License to obtain dealer license plates and/or motorcycle dealer plates from the license plate issuing official in the county where the business is located.
- Licensed new motor vehicle dealers may purchase a maximum combined total of twenty-five (25) dealer and motorcycle dealer license plates.
- Licensed used motor vehicle dealers may purchase a maximum combined total of ten (10) dealer and motorcycle dealer license plates.
- If a new or used motor vehicle dealer completed applications for certificates of titles for 1,500 or more motor vehicles in this state during the previous dealer regulatory license year, the dealer may purchase a combined total of not more than twenty-five (25) additional dealer and motorcycle dealer license plates.
- A Dealer Transit motorcycle plate will be available beginning in license year 2015 and will be available to your offices by contacting the MVD warehouse as needed. A maximum combined total of ten (10) dealer transit and/ or dealer transit motorcycle plates are available to each licensed new or used dealer, wholesaler, or rebuilder.

A brochure entitled *Dealer License and License Plate Requirements Brochure* which outlines all the dealer license and license plate requirements can be found at <http://revenue.alabama.gov/motorvehicle/> under the Quick Links area of the page.

If you have any questions regarding this matter, please contact the Motor Vehicle Division at: taqs@revenue.alabama.gov or (334) 242-9006.