

1 SB157  
2 197281-2  
3 By Senator Chambliss  
4 RFD: Governmental Affairs  
5 First Read: 20-MAR-19

1 SB157

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4 ENGROSSED

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7 A BILL  
8 TO BE ENTITLED  
9 AN ACT

10  
11 To amend Sections 32-7A-2, 32-7A-5, 32-7A-8,  
12 32-7A-11, and 32-7A-12, Code of Alabama 1975, Code of Alabama  
13 1975, relating to the Mandatory Liability Insurance Law; to  
14 update definitions; to eliminate the four-month suspension of  
15 registration for second and subsequent violations; to allow  
16 voluntary surrender of vehicle registration and license plate  
17 prior to a lapse in liability coverage or within 30 days from  
18 the department notice date when the vehicle is inoperable or  
19 being stored; to update the due date, cap, and authorized uses  
20 for the Special Licensing Officials' Fund.

21 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

22 Section 1. Sections 32-7A-2, 32-7A-5, 32-7A-8,  
23 32-7A-11, and 32-7A-12, Code of Alabama 1975, are amended to  
24 read as follows:

25 "§32-7A-2.

26 "For the purposes of this chapter, the following  
27 terms shall have the following meanings respectively ascribed

1 to them in this section, except in those instances where the  
2 context clearly indicates a different meaning:

3 "(1) CERTIFICATE OF INSURANCE. A document issued by  
4 an insurer or its authorized representative showing that a  
5 specific vehicle is insured for no less than the minimum  
6 limits of liability coverage for bodily injury or death and  
7 for destruction of property under subsection (c) of Section  
8 32-7-6.

9 "(2) COMMERCIAL AUTOMOBILE LIABILITY INSURANCE  
10 POLICY. An insurance policy that:

11 "a. Is written on either a commercial coverage or  
12 other commercially rated personal policy form, including, but  
13 not limited to, a commercial auto, garage, or truckers form,  
14 and is not dependent on the type, number, or ownership of  
15 vehicle or entity covered or insured.

16 "b. Insures vehicles that are not identified  
17 individually by vehicle identification number on the policy.

18 "(3) COMMISSIONER. The Commissioner of the  
19 Department of Revenue or his or her designee.

20 "(4) DEALER. Any person dealing in, buying, selling,  
21 exchanging, advertising, or negotiating the sale of motor  
22 vehicles and licensed under the provisions of Section  
23 40-12-391.

24 "(5) DECLARATIONS PAGE. That part of an insurance  
25 policy showing the name of the insured, insuring company, the  
26 vehicle make, the year model, the vehicle identification  
27 number (VIN), the policy number, the amount of coverage or

1 coverages, and the effective and expiration dates of the  
2 policy.

3 "(6) DEPARTMENT. The Department of Revenue.

4 "(7) DEPOSIT OF CASH. Funds deposited with and held  
5 by the State Treasurer as security for payment by the  
6 depositor, or by any person responsible for the depositor's  
7 motor vehicle with his or her express or implied consent, of  
8 all judgments rendered against the depositor or other  
9 authorized operator of the depositor's motor vehicle arising  
10 from injury, death, or damage sustained through use,  
11 operation, maintenance, or control of the motor vehicle within  
12 the State of Alabama.

13 "(8) DIRECTOR. ~~The Director of Public Safety of the~~  
14 ~~State of Alabama~~ Secretary of the Alabama Law Enforcement  
15 Agency, or his or her designee.

16 "(9) INSURANCE BINDER. A document issued by an  
17 insurer or its authorized representative showing that a  
18 specific vehicle is insured for no less than the minimum  
19 limits of liability coverage for bodily injury or death and  
20 for destruction of property under subsection (c) of Section  
21 32-7-6.

22 "(10) INSURANCE COMMISSIONER. The Commissioner of  
23 the Department of Insurance, or his or her designee.

24 "(11) LIABILITY INSURANCE POLICY. An owner's or an  
25 operator's personal automobile liability insurance policy,  
26 issued by an insurance carrier duly authorized to transact  
27 business in this state.

1           "(12) MOTOR VEHICLE. Every self-propelled vehicle  
2 that is designed to be operated on the streets and highways of  
3 Alabama, but not operated upon rails.

4           "(13) MOTOR VEHICLE LIABILITY BOND. A bond of a  
5 surety company duly authorized to transact business in this  
6 state, which is conditioned for payments in amounts and under  
7 the same circumstances as would be required in a motor vehicle  
8 liability insurance policy.

9           "(14) NAIC NUMBER. A unique identification number  
10 assigned to the insurance company by the National Association  
11 of Insurance Commissioners.

12           "(15) NON-ADMITTED COMPANY. An insurance company not  
13 licensed to conduct business in this state which sells  
14 coverage that is unavailable from licensed insurers within  
15 this state.

16           "(16) NON-OWNER POLICY. An insurance policy issued  
17 for persons who drive but do not own the insured vehicle.

18           "(17) ONLINE INSURANCE VERIFICATION SYSTEM. An  
19 online insurance verification system using web services as  
20 defined in Section 32-7B-2 ~~(6)~~.

21           "(18) OPERATOR. Every person who is in actual  
22 physical control of a motor vehicle.

23           "(19) OWNER. Any of the following persons:

24           "a. A person or persons holding the legal title to a  
25 motor vehicle, unless paragraph b. or c. is applicable.

26           "b. The mortgagor, debtor, conditional vendee, or  
27 lessee of a vehicle that is the subject of a chattel mortgage,

1 lien, agreement for the conditional sale thereof, lease or  
2 other like agreement with the right of purchase upon  
3 performance of the conditions stated in the agreement and with  
4 the immediate right of possession vested in the mortgagor,  
5 debtor, conditional vendee, or lessee, in which event the  
6 mortgagor, debtor, conditional vendee, or lessee shall be  
7 deemed the owner for purposes of this chapter.

8 "c. The lessee of a vehicle owned by the United  
9 States of America or any of its agencies or instrumentalities.

10 "(20) PERSON. Every natural person, firm,  
11 partnership, association, estate, trust, corporation, limited  
12 liability partnership, limited liability company, or other  
13 entity.

14 "(21) REGISTRANT. Vehicle owner or operator, who is  
15 issued a registration for a motor vehicle.

16 "(22) REGISTRATION. Certificate or certificates and  
17 license plates issued under the laws of this state pertaining  
18 to the registration of motor vehicles.

19 "(23) SIGNATURE. A unique mark, process, or  
20 verification in a manner prescribed by the department, as  
21 provided in Section 40-1-1.

22 "(24) STATE. Any state, territory or possession of  
23 the United States, the District of Columbia, any province or  
24 territory of the Dominion of Canada, or a state of the  
25 Republic of Mexico.

1           "(25) SUSPENSION. The withdrawal by formal action of  
2 the department of a vehicle's registration as specified by  
3 this chapter.

4           "The terms "liability insurance policy," "deposit of  
5 cash," and a "motor vehicle liability bond" are used  
6 interchangeably throughout this chapter.

7           "§32-7A-5.

8           "This chapter shall not apply to any of the  
9 following vehicles or operators:

10          "(1) Trailers as defined in Section 40-12-240,  
11 including, but not limited to, semitrailers, travel trailers,  
12 boat trailers, pole trailers, and utility trailers.

13          "(2) Motor vehicles owned and operated by the United  
14 States or any agency thereof, the State of Alabama, or any  
15 political or governmental subdivision thereof.

16          "(3) Any motor vehicle which is subject to the  
17 supervision and regulation of the Federal Motor Carrier Safety  
18 Administration or the Alabama Public Service Commission and  
19 for which the owner and/or operator has filed evidence of  
20 financial responsibility, the liability under which is not  
21 less than that required of the operator of a motor vehicle  
22 under the terms of this chapter.

23          "(4) Motor vehicles covered by a certificate of  
24 self-insurance issued by the director under the provisions of  
25 Section 32-7-34.

26          "(5) Other motor vehicles complying with laws which  
27 require the vehicles to be insured in amounts meeting or

1 exceeding the minimum amounts required under Section  
2 32-7-6(c).

3 "6) Implements of husbandry as defined in Section  
4 32-8-2 ~~(5)~~.

5 "(7) Any vehicle moved solely by animal power.

6 "(8) Special mobile equipment, as defined in Section  
7 32-8-2 ~~(20)~~.

8 "(9) Inoperable or stored motor vehicles ~~that are~~  
9 ~~not operated, as defined by rules and regulations of the~~  
10 ~~department and not subject to the provisions of Section~~  
11 ~~32-7A-7~~ for which the registrant has surrendered the  
12 registration and associated license plate in accordance with  
13 the rules promulgated by the department prior to the motor  
14 vehicle no longer being covered by a liability insurance  
15 policy required by this chapter.

16 "(10) Motor vehicles owned by a licensed motor  
17 vehicle dealer, wholesaler, or ~~rebuilder, or reconditioner~~ and  
18 held in inventory that are covered by a blanket liability  
19 insurance policy or commercial automobile liability insurance  
20 policy.

21 "(11) Vehicles properly registered in another  
22 jurisdiction and not legally required to be registered  
23 pursuant to Chapter 12 of Title 40.

24 (12) Vehicles owned by a bank, a subsidiary or  
25 affiliate of a bank, or finance company, acquired as an  
26 incident to their regular business, that are covered by a



1 blanket liability insurance policy or commercial automobile  
2 liability insurance policy.

3 "(13) Vehicles as prescribed by the commissioner  
4 that are covered by a blanket liability insurance policy or  
5 commercial automobile liability insurance policy.

6 "§32-7A-8.

7 "~~If~~ When the department determines that an owner has  
8 registered or maintained the registration of a motor vehicle  
9 without a liability insurance policy or a commercial  
10 automobile liability insurance policy in accordance with  
11 Section 32-7A-4, the department shall, following the  
12 expiration of the 30-day period from the date of the notice  
13 provided under Section 32-7A-11, notify the owner that such  
14 owner's vehicle registration ~~shall be~~ has been suspended ~~30~~  
15 ~~calendar days after the date of the mailing of the notice~~  
16 ~~unless the owner furnishes evidence of insurance in effect on~~  
17 ~~the verification date, as prescribed by the department.~~ The  
18 notice shall be in writing and shall be mailed by the U.S.  
19 Postal Service, to the registrant's last known address as  
20 reflected on the department's motor vehicle registration  
21 records. The notice shall set forth the appeal rights  
22 available to the registered owner pursuant to Chapter 2A of  
23 Title 40.

24 "§32-7A-11.

25 "a) When the department is unable to verify that  
26 liability insurance coverage exists for a motor vehicle  
27 registered or required to be registered in this state, the

1 department shall send the registrant notice via USPS mail at  
2 the last known address as reflected on the department's motor  
3 vehicle registration records. The notice shall require that  
4 the registrant, within 30 calendar days of the date of the  
5 notice, provide evidence of continuous liability insurance  
6 coverage for the vehicle for the period specified by the  
7 department. The registration will be suspended unless either:

8 "(1) The registrant responds within the required  
9 time frame and the response establishes that the registrant  
10 has not had a lapse in liability insurance coverage. The  
11 department shall then indicate in its records that the insured  
12 is in compliance with this chapter.

13 "(2) The registrant responds within the required  
14 time frame that, after the registration date, he or she did  
15 not operate the vehicle during the lapse in coverage due to  
16 the motor vehicle being stored, inoperable, or otherwise  
17 unused as prescribed by the department. The registrant may  
18 claim the stored or inoperable exemption provided under this  
19 subdivision only if all of the following conditions are  
20 satisfied:

21 "a. The registrant surrenders the registration and  
22 associated license plate to the registrant's license plate  
23 issuing official within 30 days from the date of the notice  
24 sent pursuant to subsection (a).

25 "b. The registrant has not claimed a stored or  
26 inoperable exemption under this subdivision during the current  
27 registration period for the registered vehicle.

1           "c. During the lapse in coverage, the registered  
2 vehicle was not involved in an accident while operated on a  
3 public road or highway.

4           "d. During the lapse in coverage, the registrant or  
5 a driver of the registered vehicle was not subject to or  
6 issued a citation while operating the registered vehicle on a  
7 public road or highway.

8           ~~The~~ If each of these conditions is satisfied, the  
9 current registration shall~~then~~ be revoked and the department  
10 shall update its records to reflect that the registration is  
11 revoked for the remainder of the registration period. In the  
12 event the motor vehicle for which the registration has been  
13 revoked is no longer stored, inoperable, or otherwise unused  
14 as prescribed by the department, a new registration and  
15 license plate must be obtained prior to operating the vehicle.  
16 The department may by establish by rule an extension to the 30  
17 day surrender period if the registrant cannot return the  
18 license plate for good cause.

19           "(b) Except as provided in Section 32-7A-11(a)(2),  
20 ~~If~~ if the registrant subsequently provides, in a manner as  
21 prescribed by the department, proof of subsequent liability  
22 insurance coverage for the vehicle during the current  
23 registration period then the registration shall be reinstated.

24           "(c) Any operator of a motor vehicle for which the  
25 registration has been revoked shall be subject to citation by  
26 law enforcement in accordance with Section 32-7A-16.

1           "(d) The notice required under subsection (a) shall  
2 include notice of the following:

3           "(1) That the stored or inoperable exemption  
4 provided for in subdivision (a) (2) can be claimed only once  
5 during a registration period.

6           "(2) That once this exemption is claimed during a  
7 registration period, reinstatement of the vehicle's  
8 registration following any further lapse in coverage during  
9 the registration period will require the payment of the  
10 reinstatement fees provided under Section 32-7A-12.

11           "§32-7A-12.

12           "(a) The department shall suspend the vehicle  
13 registration of any motor vehicle determined to be in  
14 violation of Section 32-7A-4, including any motor vehicle  
15 operated in violation of Section 32-7A-16 by an operator other  
16 than the owner of the vehicle. Neither the fact that,  
17 subsequent to the date of verification or violation, the owner  
18 acquired the required liability insurance policy nor the fact  
19 that the owner terminated ownership of the motor vehicle shall  
20 have any bearing upon the required suspension.

21           "(b) The registration of any motor vehicle  
22 registered in this state shall be suspended upon the  
23 department receiving notice of the conviction of the operator  
24 of the motor vehicle in another state of an offense which, if  
25 committed in this state, would constitute a violation of  
26 Section 32-7A-4. Until it is terminated, any suspension under  
27 this chapter shall remain in force even if the registration is

1 renewed or a new registration is acquired for the motor  
2 vehicle contrary to Section 32-7A-17.

3 "(c) In the case of a first violation, the  
4 department shall terminate the suspension upon payment by the  
5 owner of a reinstatement fee of two hundred dollars (\$200) in  
6 a manner as prescribed by the department and submission of  
7 proof of current insurance as prescribed by the department to  
8 either ~~the department,~~ the vehicle owner's county license  
9 plate issuing official, the circuit clerk of any county, or  
10 the Administrative Office of Courts. Upon a first violation,  
11 the owner's name and identifying information shall be provided  
12 to the director by the department, for the purpose of  
13 requiring the owner to purchase and maintain insurance  
14 pursuant to Section 32-7-13 or Section 32-7-31, or both, for a  
15 period of one year.

16 "(d) In the case of a second or subsequent violation  
17 by a person having ownership interest in a motor vehicle or  
18 vehicles within the preceding ~~four~~ two registration years, or  
19 a violation of Section 32-7A-16(b) (2), the department shall  
20 terminate the suspension ~~four months after its effective date~~  
21 upon payment by the owner of a reinstatement fee of four  
22 hundred dollars (\$400) in a manner as prescribed by the  
23 department and submission of proof of current insurance as  
24 prescribed by the department ~~to either the department or to~~  
25 the vehicle owner's county license plate issuing official, the  
26 circuit clerk of any county, or the Administrative Office of  
27 Courts. In the case of a second or subsequent violation, the

1 owner's name and identifying information shall be provided to  
2 the director by the department, for the purpose of the  
3 director requiring the owner to purchase and maintain  
4 insurance pursuant to Section 32-7-13 or Section 32-7-31, or  
5 both, for a period of ~~three~~ two registration years. Upon  
6 conviction of a second offense the violator shall be guilty of  
7 a Class B misdemeanor.

8 "(e) The registrant shall not be subject to the  
9 reinstatement fees provided in subsections (c) and (d) and the  
10 suspension shall be terminated if it can be verified that  
11 liability coverage was in effect on the insurance verification  
12 date.

13 ~~"(e)~~ (f) In accepting the reinstatement fee and proof  
14 of current insurance, the owner's county license plate issuing  
15 official, the circuit clerk of any county, or the  
16 Administrative Office of Courts shall be responsible for  
17 notifying and forwarding, not later than the next business  
18 day, any required documentation concerning the reinstatement  
19 of motor vehicle registration or registrations to the  
20 department in the manner prescribed by the department.

21 ~~"(f)~~ (g) Except as provided in subsections ~~(g)~~ (h)  
22 and ~~(i)~~, (j) a portion of the fees received under this section  
23 by the department shall be used by the department exclusively  
24 for the operation and management of the mandatory liability  
25 insurance law and this article. After the payment of the  
26 expenses, the remaining funds shall be deposited into the  
27 General Fund; provided, if the fees are collected by the

1 owner's county license plate issuing official, the official  
2 shall remit the fee to the department, except for ~~10~~ (15)  
3 percent of the fee, which shall be retained by the official  
4 and distributed 50 percent to the county license plate issuing  
5 official and 50 percent to the county general fund. The  
6 retained fees distributed to the county license plate issuing  
7 official shall be deposited into a special fund designated as  
8 the Special Licensing Officials' Fund. The special fund shall  
9 be used for taxpayer education of the requirements of Title  
10 32, Chapter 7A, the improvement of the equipment and  
11 operations in the office of the licensing official charged  
12 with motor vehicle registration and titling responsibilities  
13 and shall be in addition to the amount budgeted for the office  
14 of the official. Fees deposited into the special fund shall be  
15 disbursed at the sole discretion of the license plate issuing  
16 official and shall be audited by the Examiners of Public  
17 Accounts. Such moneys in the special fund shall not ~~accumulate~~  
18 ~~in excess of ten thousand dollars (\$10,000) during~~ exceed  
19 twenty-five thousand dollars (\$25,000) at the end of any  
20 fiscal year, provided however that balances in excess of the  
21 twenty-five thousand dollars (\$25,000) cap may be carried over  
22 on a monthly basis prior to the close of each fiscal year. Any  
23 excess moneys shall accrue to the county general fund. License  
24 plate issuing officials shall remit the balance of the funds  
25 to the department in the manner prescribed by the department  
26 ~~by the 10th~~ on or before the 20th day of the month following  
27 the month of collection.

1           "~~(g)~~ (h) If the reinstatement fees are collected by  
2 the Administrative Office of Courts, it shall remit the fee to  
3 the department, except for 15 percent of the fee, which shall  
4 be retained in its entirety by the Administrative Office of  
5 Courts. If the reinstatement fees are collected by the circuit  
6 clerk, it shall remit the fee to the department, except for 15  
7 percent of the fee, which shall be retained by the circuit  
8 clerk and distributed evenly between the circuit clerk's  
9 office and the Administrative Office of Courts. Any portion of  
10 the reinstatement fee due to the Administrative Office of  
11 Courts shall be deposited into the Advanced Technology and  
12 Data Exchange Fund established pursuant to Section 12-19-290.  
13 Any portion of the reinstatement fee due to the circuit clerk  
14 shall be deposited into the Clerk's Fund established pursuant  
15 to Section 12-17-225.4(2).

16           "~~(h)~~ (i) Refunds of reinstatement fees, less the  
17 retained fees, shall be granted in cases of duplicate payment,  
18 or as approved by the department. Anyone who is denied a  
19 refund of the reinstatement fee may appeal the denial to the  
20 ~~administrative law judge~~ Alabama Tax Tribunal pursuant to  
21 Section 40-2A-7.

22           "~~(i)~~ (j) Notwithstanding the provisions of  
23 subsection ~~(f)~~ (g), 15 percent of the net proceeds received by  
24 the department shall be deposited by the department into the  
25 Alabama Peace Officers' Annuity and Benefit Fund, as  
26 authorized by Section 36-21-66.



1           "~~(j)~~ (k)It shall be unlawful for the vehicle owner's  
2 county license plate issuing official to fail to collect such  
3 reinstatement fees, when due. Additionally, the reinstatement  
4 fee shall not be waived by the court when the vehicle owner  
5 cannot produce evidence that a valid liability insurance  
6 policy was in effect on the date a citation was issued for  
7 violation of the provisions of this chapter.

8           "~~(k)~~ (l)The terms circuit clerk and circuit clerk's  
9 office as used in any part of this chapter shall also include  
10 any district clerk or district clerk's office that functions  
11 separately from the office of the circuit clerk pursuant to  
12 Section 12-17-161."

13           Section 2. The department shall provide the  
14 licensing plate issuing official the ability to dispose of  
15 unused and surrendered license plates in a uniform manner as  
16 prescribed by the department and provide guidance to  
17 registrants on the disposal and surrender of a license plate  
18 when a license plate transfer is not an available option.

19           Section 3. This act shall become effective January  
20 1, 2020, following its passage and approval by the Governor,  
21 or upon its otherwise becoming law.

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Senate

Read for the first time and referred to the Senate  
committee on Governmental Affairs..... 20-MAR-19

Reported from Governmental Affairs as Favorable  
with 1 amendment..... 16-APR-19

Read for the third time and passed as amended .... 22-MAY-19

Yeas 28  
Nays 0

Patrick Harris,  
Secretary.