HB400

157701-2

By Representative Johnson (R)

RFD: Commerce and Small Business

First Read: 04-FEB-14
SYNOPSIS: Under existing law, all types of motor vehicle dealers are not required to have a state license to operate or to acquire dealer license plates.

This bill would establish a uniform motor vehicle dealer license and license fee for all new and used vehicle dealers, wholesalers, and rebuilders by consolidating existing licenses.

The bill would also decrease the time period to obtain an off-site sale event license from 14 days prior to the sale to one day prior to the sale, increase the surety bond to $50,000 for all licensees and eliminate the need for a separate designated agent surety bond, establish the prerequisites for obtaining dealer and motorcycle dealer license plates, and increase the penalty for certain violations.

Amendment 621 of the Constitution of Alabama of 1901, now appearing as Section 111.05 of the Official Recompilation of the Constitution of
Alabama of 1901, as amended, prohibits a general law whose purpose or effect would be to require a new or increased expenditure of local funds from becoming effective with regard to a local governmental entity without enactment by a 2/3 vote unless: it comes within one of a number of specified exceptions; it is approved by the affected entity; or the Legislature appropriates funds, or provides a local source of revenue, to the entity for the purpose.

The purpose or effect of this bill would be to require a new or increased expenditure of local funds within the meaning of the amendment. However, the bill does not require approval of a local governmental entity or enactment by a 2/3 vote to become effective because it comes within one of the specified exceptions contained in the amendment.

A BILL
TO BE ENTITLED
AN ACT

To amend Sections 40-12-264, 40-12-390, 40-12-391, 40-12-392, 40-12-395, 40-12-396, 40-12-398, and 40-12-400, Code of Alabama 1975, relating to motor vehicle dealer license plates and regulatory license requirements; to require a uniform motor vehicle dealer license for all motor vehicle
dealers except dealers selling only utility trailers or non-titled trailers; to establish a uniform license fee and eliminate the requirement that new and used motor vehicle dealers obtain multiple license categories to conduct business; to reduce the time period required to obtain an off-site sales event license; to increase the surety bond requirement for all licensees and eliminate the need for a separate designated agent surety bond; to establish prerequisites for obtaining dealer and motorcycle dealer license plates; to further provide for the penalty for violations; and in connection therewith would have as its purpose or effect the requirement of a new or increased expenditure of local funds within the meaning of Amendment 621 of the Constitution of Alabama of 1901, now appearing as Section 111.05 of the Official Recompilation of the Constitution of Alabama of 1901, as amended.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-12-264, Code of Alabama 1975, is amended to read as follows:

"§40-12-264.

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

(b) A new or used motor vehicle dealer who has a current dealer license as required by Sections 40-12-51 and 40-12-391 or Section 40-12-169, and Section
40-12-391 may purchase dealer license plates from the county license plate issuing official of the county in which the business is located upon presentation of a current dealer license the licenses required under Section 40-12-391 and either Section 40-12-51 or Section 40-12-169 from this state and payment of the fee for a private passenger automobile as provided in subdivision (1) of Section 40-12-242 and subsection (a) of Section 40-12-273 per dealer plate. An additional $1.75 issuance fee shall also be collected, which shall be deposited into the county general fund to be used exclusively for the operation of the issuing official's office. Motorcycle dealers licensed pursuant to Section 40-12-51 or 40-12-62 A new or used motor vehicle dealer that has a current dealer license as required by Sections 40-12-62 and 40-12-391 may purchase motorcycle dealers' license plates from the county in which the business is located upon presentation of a current license licenses as provided in both Sections 40-12-62 and 40-12-391 from this state and payment of the motorcycle registration fee as provided by subdivision (2) of Section 40-12-242 and subsection (c) of Section 40-12-273 per license plate. The additional $1.75 issuance fee shall also be collected, which shall be deposited into the county general fund to be used exclusively for the operation of the issuing official's office. Dealer license plates and motorcycle dealer license plates may only be used on motor vehicles owned by the dealership and being held in the
inventory of the dealer. The number of dealer license plates is limited as follows:

"(1) A licensed new motor vehicle dealer may purchase a maximum *combined total* of 25 dealer and motorcycle dealer license plates unless the dealer qualifies for additional dealer license plates as provided for in subdivision (4) (3).

"(2) A licensed used motor vehicle dealer may purchase a maximum *combined total* of 10 dealer and motorcycle dealer license plates unless the dealer qualifies for additional dealer license plates as provided for in subdivision (4) (3).

"(3) A licensed motorcycle dealer may purchase a maximum of 10 motorcycle dealer license plates.

"(4) (3) Any new or used motor vehicle dealer who completes applications for certificates of title involving title transfers for 1,500 or more motor vehicles in this state during the previous dealer regulatory license year may purchase a *combined total of* not more than 25 additional dealer and motorcycle dealer license plates.

"(c) Dealer license plates may be used by prospective purchasers, owners, partners, corporate officers, and employees of the dealership and only on vehicles owned by the dealership and being held in the inventory of the dealer. Dealer license plates shall not be used on vehicles that are utilized by the dealership as rental or lease vehicles, tow trucks, service trucks or vans, and other service vehicles. A
prospective purchaser shall be limited to 72 hours of use of dealer license plates. All vehicles on temporary loan from a motor vehicle dealer to a customer whose vehicle is being serviced or repaired by the dealer or to a high school for the purpose of student driver education shall be considered dealer demonstrator vehicles and dealer license plates may be used on these vehicles provided a fee is not charged by the dealer for the use.

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

"(e) A licensed new or used motor vehicle dealer or wholesaler may purchase a maximum of 10 dealer transit license plates to be used on motor vehicles being offered for sale to licensed motor vehicle dealers. Dealer transit license plates may be used by the new or used motor vehicle dealer or a
wholesaler to transport vehicles within the inventory of the
dealer or wholesaler. Dealer transit license plates shall not
be used on service vehicles including tow trucks, rental, or
lease vehicles. The fees for dealer transit license plates
shall be the same as the fees provided in subsection (b) for
dealer license plates.

"(f) A licensed motor vehicle rebuilder or motor
vehicle reconditioner may purchase a maximum of 10 dealer
transit license plates to be used in accordance with
subsection (a) of Section 32-8-87.

"(g) Any manufacturer of private passenger
automobiles, motorcycles, trucks, truck tractors, or trailers
who has manufacturing facilities located in this state, may
procure license plates from the county license plate issuing
official of the county in which the business is located upon
payment of the private passenger automobile or motorcycle fees
per plate, as provided in subdivision (1) or (2) of Section
40-12-242 and subsection (a) or (c) of Section 40-12-273. The
additional one dollar seventy-five cents ($1.75) issuance fee
shall also be collected, which shall be deposited into the
county general fund to be used exclusively for the operation
of the issuing official's office. The word "manufacturer"
shall appear on the license plates. The license plates may be
used for transporting and testing new motor vehicles owned by
the manufacturer.

"(h) The proceeds of the fees levied in this section
shall not be subject to proration. The fees collected pursuant
to this section shall be distributed by the county license plate issuing officials in the same manner as fees for private passenger automobiles and motorcycles pursuant to Sections 40-12-269, 40-12-270, and 40-12-274. No fees provided in this section may be refunded.

"(i) No motor vehicle ad valorem taxes, registration fees imposed by local law, or issuance fees imposed by local law shall be collected by the county official who issues license plates pursuant to this section. In addition, motor vehicle delinquency penalties and interest fees shall not be applicable when issuing license plates pursuant to this section.

"(j) Any person to whom license plates are issued under this section, upon forfeiture or revocation of his or her license under Section 40-12-390, et seq., or upon discontinuing business, shall surrender to the issuing official all license plates issued within 10 calendar days from the date of forfeiture or revocation of license or discontinuing business.

"(k) Motor vehicle dealer, motorcycle dealer, manufacturer, or dealer transit license plates may not be used in lieu of regular issued license plates as a means of avoiding the registration and ad valorem tax requirements of this chapter. Any person who willfully violates this section of law shall be subject to a Department of Revenue penalty of one hundred dollars ($100) for the first violation and five hundred dollars ($500) for each subsequent violation.
A licensed new or used motor vehicle dealer shall register any motor vehicle and purchase an Alabama license plate of the proper classification for any motor vehicle withdrawn from the inventory of the dealer.

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

"(n) Any person who makes willful misstatements or files documents with erroneous information in order to obtain motor vehicle dealer, motorcycle dealer, dealer transit, or manufacturer license plates shall be guilty of a Class A misdemeanor subject to criminal penalties as provided by law, and may be assessed a civil penalty of one thousand dollars ($1,000) by the department.

"(o) A new or used motor vehicle dealer, motor vehicle reconditioner, motor vehicle rebuilder, or motor vehicle wholesaler, licensed pursuant to Sections 40-12-51, 40-12-62, or 40-12-169, or and Section 40-12-391; a motorcycle dealer, licensed pursuant to Section 40-12-62; or a manufacturer of private passenger automobiles, motorcycles, trucks, truck tractors, or trailers, licensed pursuant to this section, is prohibited from renewing his or her license if the new or used motor vehicle dealer, motor vehicle reconditioner, motor vehicle rebuilder, motor vehicle wholesaler, motorcycle dealer, or manufacturer fails to pay any outstanding liabilities resulting from the assessment of penalties provided in this section."
Section 2. Sections 40-12-390, 40-12-391, 40-12-392, 40-12-395, 40-12-396, 40-12-398, and 40-12-400, Code of Alabama 1975, are amended to read as follows:

"§40-12-390.

"The following words and phrases, when used in this article, shall have the following meanings:

"(1) COMMISSIONER. The state Commissioner of Revenue.

"(2) DISTRIBUTOR. Any person, firm, or corporation engaged in the business of selling or distributing new motor vehicles to new motor vehicle dealers.

"(3) MANUFACTURER. Any person, firm, or corporation engaged in the business of manufacturing or assembling new and unused motor vehicles.

"(4) MOTOR VEHICLE. Any motor vehicle as defined in Section 40-12-240, but the term shall not include trailers, semitrailers or house trailers as defined in Section 40-12-240 any trailer not required to have a certificate of title.

"(5) MOTOR VEHICLE RECONDITIONER. Any person, firm, or corporation engaged in the business of refurbishing, repairing, or replacing damaged parts of motor vehicles for the purpose of preparing the vehicle for resale under the same identification and identity as the vehicle bore before the refurbishing.

"(6) MOTOR VEHICLE REBUILDER. Any person, firm, or corporation engaged in the business of making or causing to be made extensive repairs, replacements, or combination of
different motor vehicles to the extent of extinguishing the
dentity of the original vehicle to the extent that the
finished motor vehicle may be assigned a new
identification to be issued by the Department of Revenue under
the provisions of Chapter 8 of Title 32. The term also
includes any person, firm, or corporation engaged in the
business of refurbishing, repairing, or replacing damaged
parts of motor vehicles for the purpose of preparing the
vehicle for resale under the same identification and identity
as the vehicle had before the refurbishing.

"(7)(6) MOTOR VEHICLE WHOLESALER. Any person, firm,
or corporation engaged in the business of buying, selling, or
exchanging motor vehicles at wholesale to motor vehicle
dealers, as defined in this article, and not to the public.

"(8)(7) NEW MOTOR VEHICLE. A motor vehicle, other
than a used motor vehicle, the legal title of which has never
been transferred by a manufacturer, distributor, or new motor
vehicle dealer to an ultimate purchaser.

"(9)(8) NEW MOTOR VEHICLE DEALER. Any person, firm,
or corporation which holds a bona fide contract or franchise
in this state in effect with a manufacturer or distributor of
new motor vehicles and is engaged in the business of selling,
advertising, or negotiating the sale of new motor vehicles or
new and used motor vehicles, and the duly licensed new motor
vehicle dealers shall be the sole and only persons, firms, or
corporations entitled, other than in connection with the
rental or leasing of new motor vehicles by persons engaged in
the business of motor vehicle rental and leasing, to sell and
publicly or otherwise solicit and advertise for sale new motor
vehicles. The term also includes a motor vehicle rebuilder and
motor vehicle wholesaler as defined in this article.

"(10)(9) PERMANENT LOCATION. A building or structure
from which sales of motor vehicles are conducted. A house used
as a residence by the business owner, a partner, or a
corporate officer from which sales of motor vehicles are
conducted may also be a permanent location. The building or
structure must be owned, rented, or leased and must be used as
an office and a place to receive mail, keep records, and
conduct routine business, to include an operable telephone
listed with the telephone company under the name of the
licensed business.

"(11)(10) USED MOTOR VEHICLE. A motor vehicle, the
legal title of which has been transferred by a manufacturer,
distributor, or new motor vehicle dealer to an ultimate
purchaser.

"(12)(11) USED MOTOR VEHICLE DEALER. Any person,
firm, or corporation engaged in the business of buying,
selling, exchanging, advertising, or negotiating the sale of
ten or more motor vehicles at retail during a calendar year,
whether or not the motor vehicles are owned by such person,
firm, or corporation, or in offering or displaying motor
vehicles for sale at retail to the public. The term "selling"
or "sale" shall include lease-purchase transactions. The term
"used motor vehicle dealer" does not include banks, credit
unions, licensees of the State Banking Department, and finance companies which acquire motor vehicles as an incident to their regular business and does not include motor vehicle rental and leasing companies. The term also includes a motor vehicle rebuilder and motor vehicle wholesaler as defined in this article.

"(13) (12) ULTIMATE PURCHASER. With respect to a new motor vehicle, the first person, firm, or corporation, other than a new motor vehicle dealer purchasing in his or her capacity as a new motor vehicle dealer, who in good faith purchases the new motor vehicle for purposes other than resale. Ultimate purchaser shall not include a person, firm, or corporation who purchases a vehicle for purposes of altering or remanufacturing the motor vehicle for future resale.

"§40-12-391.

"(a) No person shall be licensed as an automobile dealer under the provisions of Section 40-12-51, nor shall any person engage in business as, serve in the capacity of, or act as a new motor vehicle dealer, used motor vehicle dealer, motor vehicle reconditioner, motor vehicle rebuilder, or motor vehicle wholesaler in this state, without first obtaining a license as provided in this article and, if a new motor vehicle dealer, or a used motor vehicle dealer, a state sales tax number.

"(b) No person, firm, or corporation shall engage in the business of buying, selling, exchanging, advertising, or
negotiating the sale of new motor vehicles unless he or she holds a valid license as a new motor vehicle dealer in this state for the make or makes of new motor vehicles being bought, sold, exchanged, advertised, or negotiated or unless a bona fide employee or agent of the licensee.

"(c) Notwithstanding any law of this state providing otherwise, neither a new motor vehicle dealer nor a used motor vehicle dealer nor any person engaged in the business of motor vehicle rental and leasing:

"(1) With respect to a credit sale transaction, is required to be licensed under Chapter 19 of Title 5 in order to pay any amount necessary to satisfy a lease on, security interest in, or lien on any motor vehicle either returned to that dealer or to the lessor or traded in by the purchaser in connection with the credit sale transaction, and to include that amount as part of the amount to be paid by the purchaser under the credit sale transaction; or

"(2) With respect to a lease transaction, is subject to Chapter 19 of Title 5 or otherwise deemed to have made a loan or credit sale by virtue of paying any amount necessary to satisfy a lease on, security interest in, or lien on any motor vehicle either returned to that dealer or to the original lessor or traded in by the lessee in connection with the lease transaction, and including that amount as part of the amount to be paid by the lessee under the lease transaction.

"§40-12-392."
"(a) The application for a license shall be in such form and shall be subject to such rules and regulations as may be prescribed by the commissioner. An application shall be verified by the oath or affirmation of the applicant. If the applicant is a sole proprietorship, the application shall contain the name and residence of the applicant. If the applicant is a partnership, the application shall contain the names and residences of each partner. If the applicant is a corporation, the application shall contain the names and residences of the officers and directors. If the applicant is a new motor vehicle dealer, or used motor vehicle dealer in this state, the application shall contain the state sales tax number assigned to the applicant. The application shall enumerate the number of new and used vehicles sold during the previous calendar year; describe the exact location of the place of business, and shall state: That the location is a permanent one; that the location affords sufficient space upon and within which to adequately display one or more motor vehicles offered for sale and that an appropriate sign designates the location as being the place of business of a motor vehicle dealer; that it is a suitable place from which the applicant can in good faith carry on such business and keep and maintain books and records necessary to conduct business, which shall be available at all reasonable hours for inspection by the commissioner. The application shall state that the applicant is either (i) franchised by a manufacturer of motor vehicles, and, if so, the name of the manufacturer
and line make that the applicant is authorized to represent,
or (ii) a used motor vehicle dealer, reconditioner, rebuilder,
or wholesaler. Upon making application, the person applying
shall pay an application fee of ten dollars ($10) twenty-five
dollars ($25) to the commissioner in addition to other fees
required by law. The commissioner may cause an investigation
to be made and upon being satisfied that the facts set forth
in the application are true, shall issue a license certificate
to the applicant, which shall entitle the licensee to operate
as a motor vehicle dealer, reconditioner, rebuilder, or
wholesaler for one year from the first day of October of each
year. If the commissioner, upon investigation, determines that
a license should not be issued, the commissioner may deny the
license and the applicant may appeal the denial to the
Administrative Law Division of the department as allowed in
Chapter 2A of this title.

"(b) A motor vehicle reconditioner, motor vehicle
rebuilder, or a motor vehicle wholesaler who is not a new or
used motor vehicle dealer shall not be required to maintain a
sign designating the location, and may maintain books,
records, and files of his or her business at his or her home;
provided, that books, records, and files shall be accessible
and available for inspection by the commissioner, inspectors,
or employees during normal business hours on usual business
days. The location may be adjacent to his or her residence.

"(c) If a motor vehicle reconditioner, a motor
vehicle rebuilder, or a motor vehicle wholesaler shall also be
a motor vehicle dealer within the meaning of this article, he
or she shall qualify with the commissioner both as a motor
vehicle dealer and motor vehicle reconditioner, or motor
vehicle rebuilder or motor vehicle wholesaler, and shall file
his or her application and pay the fee for each business, and
shall comply with the requirements of subsections (a) and (b)
of this section as to the business location for each business
licensed by the commissioner.

"(d) A motor vehicle reconditioner, motor vehicle
rebuilder, or motor vehicle wholesaler may not sell any motor
vehicles or component parts to anyone other than a licensed
motor vehicle dealer, motor vehicle wholesaler, or other motor
vehicle reconditioner or motor vehicle rebuilder, or as
salvage.

"(e) New and used motor vehicle dealers, motor vehicle
reconditioners, motor vehicle rebuilders, and
motor vehicle wholesalers shall be required to maintain
blanket motor vehicle liability insurance coverage on vehicles
operated on the public streets and highways of this state,
including vehicles in dealership inventory. Evidence of
liability insurance for business and inventory vehicles shall
be filed with the application for license, and the application
for license shall be denied if proof of liability insurance
satisfactory to the commissioner is not provided. A licensee
who fails to maintain a blanket motor vehicle liability
insurance policy during the licensing period may be assessed a
civil penalty of up to five thousand dollars ($5,000). The
penalty may be assessed against the bond as provided for in
Section 40-12-398.

"§40-12-395.

"(a) A person licensed under this article shall
obtain a supplemental license for each additional place of
business, on a form to be furnished in a manner as prescribed
by the commissioner and upon payment of an additional
application fee of $5 five dollars ($5) for each such
additional location. The signage and other requirements of
Section 40-12-392 shall apply to each additional place of
business. Only one licensed dealer shall operate at the same
place of business; provided, that a licensed motor vehicle
reconditioner or motor vehicle rebuilder may operate on the
premises for which he is licensed to operate as a motor
vehicle dealer.

"(b) Notwithstanding the requirement that sales of
new and used motor vehicles shall be made only from the
permanent location of the new or used motor vehicle dealer,
such dealers may conduct sales of new and used motor vehicles
from locations off-site of their permanent locations on the
following conditions:

"(1) The off-site sales events shall not exceed
three per dealer per license year with each sale not to exceed
10 consecutive calendar days in duration. Off-site sales of
new motor vehicles by new motor vehicle dealers shall be
conducted only at a location within the new motor vehicle
dealer's area of responsibility as defined in the contract or
franchise agreement between the new motor vehicle dealer and
its manufacturer or distributor. Off-site sales of used motor
vehicles shall be conducted only at a location in the county
or city where the new or used motor vehicle dealer maintains a
permanent location.

"(2) The off-site sale need not be conducted in a
building or permanent structure, but the motor vehicle dealer
shall display a temporary sign at the location where the
off-site sale is conducted identifying the name of the motor
vehicle dealer who is conducting the sale as stated on the
license required by this section. All advertisements and other
notices of the sale must be conducted in the name of the
licensee.

"(3) Not later than 14 days At least one calendar
day before conducting each off-site sale, the motor vehicle
dealer shall obtain from the commissioner on a form designed
by the commissioner an off-site sale license by making license
application to the commissioner and paying an application fee
of twenty-five dollars ($25) for each off-site sale to be
conducted. If more than one motor vehicle dealer participates
in the same off-site sale, each motor vehicle dealer
participating in the sale shall obtain an off-site sale
license from the commissioner.

"(c) In addition to the foregoing, the motor vehicle
dealer shall obtain from the judge of probate or other county
taxing licensing official a county license for the off-site
location by paying the county license tax imposed pursuant to
Section 40-12-51. If more than one motor vehicle dealer participates in the same off-site sale, each motor vehicle dealer participating in the sale shall obtain from the judge of probate or other county tax/official a county license for the off-site location by paying the county license tax imposed pursuant to Section 40-12-51.

"(d) For purposes of this section, a new motor vehicle dealer temporarily displaying new vehicles at a shopping mall, auto show, or other location solely for advertising or display purposes and from which location sales are not conducted, shall not be deemed to be conducting an off-site sale and no off-site sales license shall be required.

"(e) For purposes of this section, an off-site sales license shall not be required for wholesale sales between licensed motor vehicle dealers or for retail sales by new or used motor vehicle dealers conducted at the permanent location of an auction company which is licensed as a used motor vehicle dealer.

"§40-12-396.

"(a) The commissioner may, subject to the appeal provisions allowed in Chapter 2A of this Title 40, suspend or revoke any license issued for the willful and intentional failure of the licensee to comply with the provisions of this article or for the willful failure to maintain his business premises, location, and sign as described in his application.
"(b) A license may be revoked or a license application may be denied by the Department of Revenue for any of the following reasons:

"(1) Fraud practiced or any material misstatement in license application.

"(2) Change of condition after a license is granted or the failure to maintain qualification for the license.

"(3) Skipping title assignment; accepting open assignment of title and/or bill of sale for a motor vehicle which is not completed by identifying said licensee as the purchaser or assignee of the motor vehicle.

"(4) Has no established place of business.

"(5) Failing to keep and maintain records.

"(6) Has knowingly dealt in stolen motor vehicles, parts, or accessories.

"(7) Willful failure to comply with provisions of this chapter, or any rule or regulation promulgated thereunder.

"(8) Disconnecting, turning back, or resetting the odometer of any motor vehicle in violation of state or federal law.

"(9) Filing a materially erroneous or fraudulent tax return as certified by the Department of Revenue.

"(10) Revocation as a designated agent, as provided for in Section 32-8-34, for failing to faithfully perform his or her duties as a designated agent.

"§40-12-398."
"Annually, before any license shall be issued to a new motor vehicle dealer, used motor vehicle dealer, motor vehicle reconditioner, motor vehicle rebuilder, or motor vehicle wholesaler, the applicant shall either deliver to the commissioner a good and sufficient surety bond, executed by the applicant as principal and by a corporate surety company qualified to do business in the state as surety, in the sum of $25,000 for a new motor vehicle dealer and $10,000 for all other dealers fifty thousand dollars ($50,000). Such bond shall be in a form to be approved by the commissioner, and shall be conditioned that the motor vehicle dealer, motor vehicle reconditioner, motor vehicle rebuilder, or motor vehicle wholesaler shall comply with the conditions of any contract made by such dealer in connection with the sale or exchange of any motor vehicle and shall not violate any of the provisions of law relating to the conduct of the business for which he is licensed. Such bond shall be payable to the commissioner and to his successors in office, and shall be in favor of any person who shall recover any judgment for any loss as a result of any violation of the conditions hereinabove contained. Such bond shall be for the license period, and a new bond or proper continuation certificate shall be delivered to the commissioner at the beginning of each license period, provided, that the aggregate liability of the surety in any one license year shall, in no event, exceed the sum of such bond. The provisions of this section shall not apply to motor vehicle dealers or wholesalers who hold a valid
motor vehicle dealer license under Section 40-12-51 or to
motor vehicle rebuilders or reconditioners, as defined in this
article who hold a valid business license to engage in such
business as of April 1, 1978. The bond shall serve in lieu of
the bond provided for in subsection (b) of Section 32-8-34
and, in addition to all other conditions, shall also be
conditioned upon their performance of their duties as a
designated agent under Chapter 8 of Title 32.

"§40-12-400.

"Any person violating any of the provisions of this
article shall be guilty of a Class A misdemeanor and, upon
conviction, shall be punished by a fine of not less than five
hundred dollars ($500) nor more than two thousand dollars
($2,000), or by imprisonment in the county jail for not less
than 30 nor more than 90 days, or by both such fine and
imprisonment."

Section 3. Although this bill would have as its
purpose or effect the requirement of a new or increased
expenditure of local funds, the bill is excluded from further
requirements and application under Amendment 621, now
appearing as Section 111.05 of the Official Recompilation of
the Constitution of Alabama of 1901, as amended, because the
bill defines a new crime or amends the definition of an
existing crime.

Section 4. Section 1 of this act shall become
effective October 1, 2014, following its passage and approval
by the Governor or its otherwise becoming law. Section 2 of
this act shall become effective August 1, 2014, following its passage and approval by the Governor or its otherwise becoming law.