

## Alabama Dealer License; Alabama Dealer, Dealer Transit, Motorcycle Dealer, and Manufacturer License Plates

**Below is a summary of information regarding the requirements to obtain an Alabama dealer license, as well as changes to the Alabama dealer license plate law, Act 2011-554, effective October 1, 2011.**

### **STEP 1. OBTAINING AN ALABAMA MOTOR VEHICLE DEALER LICENSE**

Renewal applications for an Alabama Act 539 regulatory license may be submitted to the department electronically for those applicants in good standing. The web address is [www.revenue.alabama.gov/licenses/mvdrl.html](http://www.revenue.alabama.gov/licenses/mvdrl.html). Select Online Motor Vehicle Dealer License Application to begin the application process. The bond, insurance, and photo documents must be uploaded electronically in order to use this system. New applicants must provide the application; appropriate bond, insurance, and photo; and payment via the mail.

#### What are the bonding requirements?

- New dealers — \$25,000
- Used dealers — \$10,000

#### What are the insurance requirements?

Each dealer must maintain blanket liability insurance coverage for all vehicles owned or associated with the business. Insurance limits are:

- \$25,000 bodily injury/person/accident
- \$50,000 combined bodily injury/accident
- \$25,000 property damage/accident or a combined single limit of \$75,000/accident

After the Act 539 regulatory license has been obtained, the dealer must visit the county licensing office to purchase the privilege license (Section 40-12-51).

If there are outstanding liabilities resulting from penalty assessments for dealer, dealer transit, motorcycle dealer, or manufacturer license plates, licenses will not be renewed.

### **STEP 2. OBTAINING ALABAMA DEALER, DEALER TRANSIT, MOTORCYCLE DEALER, AND MANUFACTURER LICENSE PLATES**

Alabama license plates are purchased from the county license plate official in the county in which the dealer is licensed to conduct business.

#### Who qualifies for each type of license plate?

Dealer (D) plates may be obtained by licensed new and used motor vehicle dealers.

The law created a new class of plates, dealer transit (DT), which may be obtained by motor vehicle wholesalers, rebuilders, reconditioners, and new and used motor vehicle dealers.

Motorcycle dealer plates may be obtained by duly licensed dealers of motorcycles.

Manufacturer plates may be obtained by manufacturers of private passenger automobiles, motorcycles, trucks, truck tractors, or trailers, if the manufacturing facility is located in Alabama.

## Are there any restrictions of the number of dealer, dealer transit and motorcycle dealer plates that can be obtained?

Dealer (D) plate restrictions are as follows:

- New dealer — 25 dealer plates
- Used dealer — 10 dealer plates

*Note:* Licensed new or used dealers may purchase an additional 25 dealer plates if they complete applications for certificates of title for 1,500 or more title transfers in this state during the previous dealer regulatory license year.

Dealer transit (DT) plate restrictions are as follows:

- Wholesalers, rebuilders, and reconditioners-10 dealer transit plates.
- New and used dealers may also purchase up to 10 dealer transit plates.

Motorcycle dealer plate restrictions are as follows:

- Motorcycle dealer-10 dealer plates

There are no limitations on the number of manufacturer plates that can be purchased by manufacturers.

## What are the fees associated with the plates?

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|---------------------------|---------|
| • Dealer                  | \$26.00 |
| • Dealer transit          | \$26.00 |
| • Dealer motorcycle       | \$18.00 |
| • Manufacturer            | \$24.25 |
| • Motorcycle manufacturer | \$16.25 |

These fees cannot be refunded or prorated.

## Who may legally operate vehicles displaying dealer (D) plates?

- Prospective purchasers, limited to 72 hours of use
- Owners of the dealership
- Partners of the dealership
- Corporate officers of the dealership
- Employees of the dealership

## Permissible uses of dealer (D) plates

Dealer plates (D) may be used by persons listed above on vehicles owned and being held in the dealer's inventory.

## Are there limitations on the types of vehicles the plates may be used upon?

- May be used on vehicles on temporary loan from a dealer to a customer whose vehicle is being serviced or repaired by the dealer.
- May be used on vehicles on temporary loan to a high school for the purpose of student driver education.
- May be used for one payload trip only on trucks or truck tractors in a dealer's inventory with more than 2 axles on the power unit or a GVW exceeding 26,000 pounds. Limited to 72 hours of usage.

No fee may be charged by the dealer for the uses above. If a fee is charged, dealer plates cannot be displayed on the vehicle.

## Who may legally operate vehicles displaying dealer transit (DT) plates?

- Wholesalers
- Reconditioners
- Rebuilders
- New and used dealers

## Permissible uses of dealer transit (DT) plates

- New or used dealers or wholesalers may transport vehicles within their inventory using these plates
- Motor vehicle rebuilders and reconditioners may use dealer transit plates to move vehicles to and from repair points as necessary to complete the restoration or may be moved as permitted by ADOR for inspection.

If the dealer, reconditioner, rebuilder, or wholesaler license is revoked or forfeited, all dealer/dealer transit plates shall be returned to the license plate issuing official within 10 calendar days.

## Prohibited uses of dealer (D) and dealer transit (DT) plates

- Rental or lease vehicles
- Tow trucks
- Service trucks or vans
- Other service vehicles

## PENALTIES

- \$100 for first violation
- \$500 for each subsequent violation
- Willful misstatements/documents filed with erroneous information in order to obtain license plates carry a criminal penalty of a Class A misdemeanor and a civil penalty of \$1,000 to be assessed by the department

## REPORTING REQUIREMENTS

If a dealer, dealer transit, or manufacturer license plate is lost or stolen, this fact must be reported to law enforcement and a report maintained for audit purposes. If a plate becomes mutilated to the point that it is illegible, the plate must be returned to the county licensing official, and a replacement plate will be issued upon payment of the appropriate fee (Section 40-12-265, Code of Alabama 1975).

When a motor vehicle is withdrawn from inventory, the licensed new or used dealer shall purchase an Alabama license plate and register the vehicle.

**Motor vehicle dealer, dealer transit, motorcycle dealer, and manufacturer license plates may not be used in lieu of regular issued license plates as a means of avoiding registration and ad valorem tax requirements.**

## CONTACT INFORMATION

For dealer license information:  
Severance & License Section (334) 353-7827  
[www.revenue.alabama.gov/licenses/mvdrl.html](http://www.revenue.alabama.gov/licenses/mvdrl.html)

For dealer license plate information:  
Motor Vehicle Division (334) 242-9006  
[tags@revenue.alabama.gov](mailto:tags@revenue.alabama.gov)