START A BUSINESS - ALABAMA

How to open a car dealership in Alabama

Alabama dealers get a Department of Revenue dealer license ($125), become designated agents of the Department and file a continuous $50,000 bond, with liability insurance on dealership vehicles.

Sources verified 2026-11-21 - Updated 2026-11-21

1 Is a dealership right for you?

Dealers buy, recondition and sell vehicles and handle titles and paperwork. It suits people with sales skills, capital for inventory and patience for records.

2 Form the business and register for sales tax

1. Choose a structure. LLCs and corporations file with the Alabama Secretary of State.
2. Register with the Alabama Department of Revenue (My Alabama Taxes) to collect state sales tax plus any city and county sales taxes.
3. Check your city or county for business licenses and zoning.

3 Dealer license and designated agent

New and used dealers, wholesalers and rebuilders apply to the Alabama Department of Revenue electronically through MyDMV partner registration, with proof of blanket liability insurance on dealership vehicles and photos of the sign and location. Every dealer must also become a designated agent of the Department. The master license is $125 ($5 per extra location), renewed by October 1.

4 Dealer bond

File a continuous $50,000 bond, which also covers the designated agent bond requirement.

5 Your first steps

1. Form the business and register for sales tax.
2. Get insurance and the $50,000 bond.
3. Apply through MyDMV partner registration.
4. List your business on Nearby Car Care

Requirements at a glance

Alabama sales tax license

Required - State - Alabama Department of Revenue

Register with the Alabama Department of Revenue (My Alabama Taxes) to collect state sales tax, plus any city and county sales taxes where you do business.

Form your LLC or corporation with the Alabama Secretary of State first. Cities and counties issue their own business licenses.

Official application: https://www.revenue.alabama.gov/wp-content/uploads/2021/12/810-6-1-.07.pdf

Department of Revenue dealer license and designated agent

Required - State - Alabama Department of Revenue, Motor Vehicle Division

New and used dealers, wholesalers and rebuilders apply electronically through MyDMV partner registration with the bond, proof of blanket liability insurance on dealership vehicles and photos of the sign and location. All dealers must also become designated agents of the Department. Licenses are renewed by October 1.

Fees: Master dealer license $125; $5 for each additional place of business

Official application: https://www.revenue.alabama.gov/motor-vehicle/dealer-license-and-dealer-license-plate-requirements/

Dealer bond ($50,000)

Required - State - Alabama Department of Revenue

All licensees submit a continuous $50,000 bond, which also covers the designated agent bond requirement.

Amount: $50,000

Official agencies and links

Rule 810-6-1-.07, Sales of automotive vehicle parts by repair shops and garages

Alabama Department of Revenue

https://www.revenue.alabama.gov/wp-content/uploads/2021/12/810-6-1-.07.pdf

What are the bonding requirements?

Alabama Department of Revenue

https://www.revenue.alabama.gov/faqs/what-are-the-bonding-requirements/

Dealer Licenses and Dealer License Plates

Alabama Department of Revenue, Motor Vehicle Division

https://www.revenue.alabama.gov/motor-vehicle/dealer-license-and-dealer-license-plate-requirements/

Frequently asked questions

How much is the Alabama dealer bond?

$50,000, continuous; it also covers the designated agent bond.

This guide is general information, not legal advice. Rules change and can depend on your city or county, so confirm with the official agencies linked below before you apply.