

# SENATE BILL 125

R4

(PRE-FILED)

6lr0155  
CF HB 251

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By: **Chair, Judicial Proceedings Committee (By Request – Departmental – Transportation)**

Requested: September 26, 2025

Introduced and read first time: January 14, 2026

Assigned to: Judicial Proceedings

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## A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws – Transfer of Used Vehicles – Repeal of Notarized Bill of Sale**  
3 **Requirement**

4 FOR the purpose of repealing the requirement that a notarized bill of sale be submitted to  
5 the Motor Vehicle Administration when transferring ownership of a certain used  
6 vehicle; and generally relating to the transfer of used vehicles.

7 BY repealing and reenacting, with amendments,  
8 Article – Transportation  
9 Section 13–809  
10 Annotated Code of Maryland  
11 (2020 Replacement Volume and 2025 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
13 That the Laws of Maryland read as follows:

14 **Article – Transportation**

15 13–809.

16 (a) (1) In this section the following words have the meanings indicated.

17 (2) “Fair market value” means:

18 (i) As to the sale of any new or used vehicle by a licensed dealer, the  
19 total purchase price, as certified by the dealer;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(ii) Except as provided in item (iv) of this paragraph, as to a used vehicle that is sold by any person other than a licensed dealer and that has a designated model year that is 7 years old or older, the greater of:

1. The total purchase price; or

2. \$640;

(iii) Except as provided in item (iv) of this paragraph, as to any other used vehicle that is sold by any person other than a licensed dealer:

1. The total purchase price, if the total purchase price is less than \$500 below the retail value of the vehicle as shown in a national publication of used car values adopted for use by the Department; or

2. If the total purchase price is \$500 or more below the retail value of the vehicle as shown in a national publication of used car values adopted for use by the Department[:

A. The total purchase price, if verified to the satisfaction of the Administration by a notarized bill of sale submitted in accordance with subsection (d)(2) of this section; or

B. The valuation shown in the national publication of used car values, if the Administration finds that the documentation submitted under subsection (d)(2) of this section fails to verify the total purchase price], **THE VALUATION SHOWN IN THE NATIONAL PUBLICATION OF USED CAR VALUES;**

(iv) As to a used trailer, a motor scooter, a moped, or an off-highway recreational vehicle that is sold by any person other than a licensed dealer, the greater of:

1. The total purchase price; or

2. \$320; and

(v) In any other case, the valuation shown in a national publication of used car values adopted for use by the Department.

(3) (i) Subject to subparagraphs (ii) and (iii) of this paragraph, “total purchase price” means the price of a vehicle agreed on by the buyer and the seller, including any dealer processing charge, less an allowance for trade-in but with no allowance for other nonmonetary consideration.

(ii) As to a person trading in a nonleased vehicle to enter into a lease for a period of more than 180 consecutive days, “total purchase price” means the retail value of the vehicle as certified by the dealer, including any dealer processing charge, less an

1 allowance for the trade-in of the nonleased vehicle but with no allowance for other  
2 nonmonetary consideration.

3 (iii) As to a person trading in a leased vehicle to enter into another  
4 lease for a period of more than 180 consecutive days with a different leasing company or to  
5 purchase a vehicle, "total purchase price" means the retail value of the vehicle as certified  
6 by the dealer, including any dealer processing charge, less an allowance for the trade-in of  
7 the leased vehicle but with no allowance for other nonmonetary consideration.

8 (4) "Trailer" has the meaning stated in § 11-169 of this article.

9 (b) (1) Except as otherwise provided in this part, in addition to any other  
10 charge required by the Maryland Vehicle Law, an excise tax is imposed:

11 (i) For each original and each subsequent certificate of title issued  
12 in this State for a motor vehicle, a trailer, a semitrailer, a moped, a motor scooter, or an  
13 off-highway recreational vehicle for which sales and use tax is not collected at the time of  
14 purchase; and

15 (ii) Except as provided in paragraph (2) of this subsection, for each  
16 motor vehicle, trailer, or semitrailer that is in interstate operation and registered under §  
17 13-109(c) or (d) of this title without a certificate of title.

18 (2) (i) An excise tax of \$50 is imposed for the registration of a trailer  
19 exempt from the titling requirement under § 13-102(12) of this title.

20 (ii) In a case where the fair market value as defined in subsection  
21 (a)(2)(iii)2A of this section applies, the excise tax imposed under this part may not be less  
22 than \$32.

23 (3) A political subdivision of the State may not impose a sales tax, a use  
24 tax, or excise tax on the issuance of a motor vehicle certificate of title.

25 (c) (1) Except as provided in subsection (b)(2) of this section, the tax imposed  
26 by this section is:

27 (i) Except as provided in item (ii) of this paragraph, 6.5% of the fair  
28 market value of the vehicle; or

29 (ii) For a rental vehicle, 3.5% of the fair market value of the vehicle.

30 (2) If the vehicle formerly was a vehicle exempt from the tax imposed by  
31 this section, the tax shall be reduced by any amount previously paid by the present owner  
32 as a sales and use tax on the vehicle under Title 11 of the Tax – General Article.

33 (3) (i) If the vehicle was formerly titled and registered in another state  
34 and the present owner has paid a sales or excise tax to that state at a rate less than that

imposed by this State, then the tax imposed shall apply but at a rate measured by the difference only between the tax rate paid to the other state and the tax rate imposed by this section, if the present owner has not been a Maryland resident for more than 60 days.

(ii) If the vehicle was formerly titled and registered in another state and the present owner requests to transfer the vehicle in accordance with § 13–810(c)(1) of this subtitle, the Administration shall change or correct the names contained in the certificate of title:

1. At the time the excise tax that is credited or imposed under this section is paid and a new title is issued; and

2. Without issuing multiple certificates of title or charging additional fees.

(iii) Except as provided in subsection (b)(2) of this section, the minimum tax imposed under this section shall be \$100.

(d) Each applicant for a certificate of title or for registration under § 13–109(c) of this title shall submit to the Administration[:

(1) The] **THE** information that the Administration considers necessary as to:

**[(i)] (1)** The time of purchase of the vehicle; and

**[(ii)] (2)** The purchase price and other information relating to the determination of the fair market value of the vehicle which may include, but is not limited to:

**[1.] (I)** Canceled checks;

**[2.] (II)** Money order receipts;

**[3.] (III)** Loan documents; or

**[4.] (IV)** A written description of the vehicle's condition[; and].

**[(2)** If the excise tax is based on the total purchase price of the vehicle as provided in subsection (a)(2)(iii)2A of this section, a notarized bill of sale that:

(i) Is designed by, and obtained from, the Administration;

(ii) Is signed by the buyer and the seller; and

1 (iii) Includes a statement explaining why the vehicle was sold at the  
2 price stated in the bill of sale.]

3 (e) Any person who fails to pay the excise tax as required in this section is guilty  
4 of a misdemeanor and on conviction is subject to a fine not exceeding \$1,000.

5 (f) The Administration shall adopt regulations to implement the provisions of  
6 this section.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 October 1, 2026.