

**Maryland General Assembly  
Department of Legislative Services**

**Proposed Regulation  
Department of Transportation  
(DLS Control No. 14-188)**

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**Overview and Legal and Fiscal Impact**

This regulation authorizes under specified circumstances a vehicle trade-in allowance to exceed the trade-in value indicated in the national publication of used vehicle values adopted by the Motor Vehicle Administration (MVA).

The regulation presents no legal issue of concern.

There is no fiscal impact on State or local agencies.

**Regulation of COMAR Affected**

**Department of Transportation:**

Motor Vehicle Administration – Vehicle Registration: Vehicle Trade-In Allowance:  
COMAR 11.15.33.05

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**Legal Analysis**

**Background**

The total purchase price or taxable price of a vehicle for excise tax purposes is determined by the certified selling price agreed to by the buyer and seller, including specified associated costs, less an allowance for a vehicle trade-in. Under current regulation, a vehicle trade-in allowance may not exceed the trade-in value indicated in the MVA-adopted national publication of used vehicle values. However, MVA indicates that it no longer implements or enforces the existing regulation and, instead, that this proposed regulation is consistent with current practice.

**Summary of Regulation**

The regulation authorizes a vehicle trade-in allowance to exceed the trade-in value indicated in the adopted national publication if the dealer provides documentation satisfactory to MVA that justifies the higher trade-in value. This documentation may include (1) evidence of value-enhancing customization; (2) a current valuation from another national publication of used vehicle values; (3) evidence of a higher actual resale price for the trade-in vehicle; or (4) evidence of an amount required to release a lien on the trade-in vehicle.

The regulation also clarifies that only one vehicle trade-in allowance may apply to a sales transaction (and the trade-in vehicle used need not be the highest value vehicle).

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## **Statutory Authority and Legislative Intent**

The Maryland Department of Transportation cites §§ 12-104(b), 13-809, and 13-812 of the Transportation Article as authority for the regulation. In particular, § 12-104(b) of that article grants MVA broad regulatory authority to administer the Maryland Vehicle Law, and § 13-809 of that article establishes that the total purchase price of a vehicle, used to determine the vehicle's fair market value for excise tax purposes, may include a deduction for a vehicle trade-in allowance. This authority is correct and complete. The regulation complies with the legislative intent of the law.

## **Fiscal Analysis**

There is no fiscal impact on State or local agencies.

### **Agency Estimate of Projected Fiscal Impact**

The department advises that the regulation has no impact on State or local governments, as the regulation merely conforms to current practice. The Department of Legislative Services generally concurs but notes that, to the extent any vehicle dealers had previously been complying with existing regulations, Transportation Trust Fund revenues may decrease as a result of the greater vehicle trade-in allowances allowed under the regulation.

### **Impact on Budget**

There is no impact on the State operating or capital budget.

### **Agency Estimate of Projected Small Business Impact**

The department advises that the regulation has minimal or no economic impact on small businesses in the State, as the regulation merely conforms to current practice. The Department of Legislative Services concurs, assuming all vehicle dealers' current practices conform to these regulatory changes.

## **Contact Information**

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