

HOUSE BILL 50

Unofficial Copy
Q7
HB 1261/97 - W&M

1998 Regular Session
8lr0398

(PRE-FILED)

By: **Eastern Shore Delegation**

Requested: September 17, 1997

Introduced and read first time: January 14, 1998

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Boat Excise Tax**

3 FOR the purpose of excluding from the computation of the boat excise tax the value of
4 a vessel that is traded in as part of the consideration for the sale of a vessel by
5 a licensed dealer; requiring a certain task force to continue its deliberations,
6 study certain issues, and submit a certain report to the General Assembly on or
7 before a certain date; providing for the termination of this Act; and generally
8 relating to an exclusion from the computation of the boat excise tax under
9 certain circumstances for the value of a trade-in vessel.

10 BY repealing and reenacting, with amendments,
11 Article - Natural Resources
12 Section 8-716(a)
13 Annotated Code of Maryland
14 (1990 Replacement Volume and 1997 Supplement)

15 **Preamble**

16 WHEREAS, The Maryland Recreational Boating Industry is a significant factor
17 in the State's recreational and tourism economy; and

18 WHEREAS, The University of Maryland Sea Grant College economic impact
19 survey attributes the marine industries and recreational boaters with contributing \$1
20 billion annually and employing 18,000 Marylanders in the State's workforce; and

21 WHEREAS, Annual State surveys indicate a continuing decline for registrations
22 of in-water powerboats and sailboats, which typically provide recreational dollars
23 and tax revenue to the local and State economies; and

24 WHEREAS, The Marine Industries Economic Development Task Force in 1996
25 identified barriers that limit Maryland's competitiveness with other states and made
26 recommendations to modify the vessel excise tax; and

1 WHEREAS, The General Assembly determines that this legislation is necessary
2 to improve the economic, market, and legislative environments for Maryland's
3 recreational boating industry to be competitive with other jurisdictions; now,
4 therefore,

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

7 **Article - Natural Resources**

8 8-716.

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

10 (2) "Fair market value" means:

11 (i) As to the sale of any vessel by a licensed dealer, the total
12 purchase price, as certified by the dealer, LESS THE VALUE OF ANY VESSEL THAT IS
13 TRADED IN AS PART OF THE CONSIDERATION FOR THE SALE, WHICH MAY BE
14 DETERMINED BY USING A NATIONAL PUBLICATION OF USED VESSEL VALUES
15 ADOPTED BY THE DEPARTMENT;

16 (ii) As to any other vessel that is sold by any person other than a
17 licensed dealer, the greater of:

18 1. The total purchase price; or

19 2. \$100; or

20 (iii) As to any other vessel that is sold by any person other than a
21 licensed dealer, either:

22 1. The total purchase price, if verified by means of a certified
23 bill of sale approved by the Department, in which the actual price paid for the vessel
24 is stated; or

25 2. The valuation shown in a national publication of used
26 vessel values adopted by the Department if a certified bill of sale does not accompany
27 the application.

28 (3) "Used principally in this State" means that this State is the State of
29 principal use as defined in § 8-701(n) of this subtitle, except that in calculating where
30 the vessel is used or used most, a vessel is not considered to be in use for any period
31 of time that it is held for maintenance or repair for 30 consecutive days or more.

32 (4) "Total purchase price" means the price of a vessel, including
33 simultaneously purchased motors, spars, sails, and accessories exclusive of trailer,
34 agreed on by the buyer and seller, with no deduction for trade-in or other
35 nonmonetary consideration.

1 (5) (i) "Vessel" has the meaning indicated in § 8-701(p) of this subtitle.

2 (ii) "Vessel" does not include a ship's lifeboat, a vessel propelled
3 only by sail, or vessel manually propelled.

4 SECTION 2. AND BE IT FURTHER ENACTED, That the Marine Industry
5 Economic Development Task Force that was formed by the Marine Trades Association
6 of Maryland, Inc., the Department of Natural Resources, and the Department of
7 Business and Economic Development in 1996 shall continue its deliberations and in
8 addition to its original charges shall study the feasibility of and strategies for
9 reducing the vessel excise tax by 1%, including funding by the Department of Natural
10 Resources of a survey to be conducted by the University of Maryland Sea Grant
11 College to generate data on the economic impact of this excise tax reduction, and to
12 study the impact of the trade-in provision under § 8-716(a)(2)(i) of the Natural
13 Resources Article as enacted by Section 1 of this Act. The Task Force shall report to
14 the General Assembly on or before December 1, 1998, in accordance with § 2-1246 of
15 the State Government Article.

16 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 July 1, 1998. It shall remain effective for a period of 3 years and, at the end of June
18 30, 2001, with no further action required by the General Assembly, this Act shall be
19 abrogated and of no further force and effect.