

HOUSE BILL 198

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Q5
HB 1355/95 - W&M

1998 Regular Session
8lr0337

By: **Delegates Frank and Dewberry**

Introduced and read first time: January 22, 1998

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Titling Tax - Exercise of Option to Purchase Under Vehicle**
3 **Leasing Agreement**

4 FOR the purpose of exempting from the motor vehicle titling tax a vehicle titled in
5 this State that is transferred to a lessee who exercises an option under a vehicle
6 lease to purchase the leased vehicle at the end of the lease; and providing for the
7 application of this Act.

8 BY repealing and reenacting, with amendments,
9 Article - Transportation
10 Section 13-810(c)
11 Annotated Code of Maryland
12 (1992 Replacement Volume and 1997 Supplement)

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

15 **Article - Transportation**

16 13-810.

17 (c) On transfer of a vehicle titled in this State and issuance of a subsequent
18 certificate of title, the vehicle is exempt from the excise tax imposed by this part, if it
19 is:

20 (1) A vehicle transferred to a spouse, son, daughter, grandchild, parent,
21 sister, brother, grandparent, father-in-law, mother-in-law, son-in-law, or
22 daughter-in-law of the transferor, and no money or other valuable consideration is
23 involved in the transfer;

24 (2) A vehicle repossessed under a security agreement, unless the sale of
25 the vehicle is required under the agreement;

26 (3) A vehicle transferred from an individual to a partnership, limited
27 liability company, or corporation or from a partnership, limited liability company, or
28 corporation to a subpartnership, subsidiary limited liability company, or subsidiary

1 corporation, if the individual, partnership, limited liability company, or corporation is
2 a partner, member, or principal stockholder of the newly formed partnership,
3 subpartnership, limited liability company, subsidiary limited liability company,
4 corporation, or subsidiary corporation, as the case may be;

5 (4) A vehicle transferred to a legal heir, legatee, or distributee;

6 (5) A vehicle involuntarily transferred as a result of divorce or separation
7 proceedings;

8 (6) A vehicle that is jointly owned and transferred to the name of one of
9 the owners, if the transferee can establish to the satisfaction of the Administration
10 that the transferor did not pay any part of the original purchase price of the vehicle or
11 any applicable taxes or fees for the vehicle;

12 (7) A vehicle transferred by a corporation to its stockholder or
13 stockholders or by a limited liability company to its member or members as a
14 liquidating distribution of tangible personal property where the vehicle or vehicles
15 transferred are not a principal or substantial asset of the corporation or limited
16 liability company as determined by the Administration; [or]

17 (8) A vehicle transferred as a result of a reorganization within the
18 meaning of § 368(a) of the Internal Revenue Code; OR

19 (9) A VEHICLE TRANSFERRED TO A LESSEE WHO EXERCISES AN OPTION
20 UNDER A VEHICLE LEASING AGREEMENT FOR AN INITIAL TERM OF MORE THAN 180
21 CONSECUTIVE DAYS TO PURCHASE THE LEASED VEHICLE AT THE END OF THE
22 LEASE.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 July 1, 1998 and shall be applicable to any vehicle transferred on or after July 1,
25 1998.