

HOUSE BILL 531

Unofficial Copy
Q7

1998 Regular Session
(8lr0399)

ENROLLED BILL
-- Ways and Means/Budget and Taxation --

Introduced by **Eastern Shore Delegation, Southern Maryland Delegation,
Anne Arundel County Delegation, Baltimore County Delegation,
Harford County Delegation, Western Maryland Delegation and
Delegates Boston, Conroy, C. Davis, and Howard**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

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~~ certain vessels that are traded in as part of the consideration for
5 the sale of a vessel by a licensed dealer; ~~altering the boat excise tax rate;~~
6 ~~requiring a certain task force to continue its deliberations, study certain issues,~~
7 ~~and submit a certain report to the General Assembly on or before a certain date;~~
8 requiring the Department of Business and Economic Development in
9 conjunction cooperation with the Marine Trades Association of Maryland and
10 other interested trade associations and tourism boards to develop and implement
11 a marketing and tourism plan to promote boating in Maryland; requiring the
12 Department of Natural Resources to decrease certain revenues it spends for
13 certain purposes; requiring the Governor to include a certain amount in general
14 funds in the annual budget for the use of the Department to replace certain

1 ~~revenues; providing for the application of this Act; providing for the termination~~
 2 ~~of part of this Act; and generally relating to an exclusion from the computation~~
 3 ~~of the boat excise tax under certain circumstances for the value of a trade-in~~
 4 ~~vessel.~~

5 BY repealing and reenacting, with amendments,
 6 Article - Natural Resources
 7 Section 8-716(a) ~~and (e)(1)~~
 8 Annotated Code of Maryland
 9 (1990 Replacement Volume and 1997 Supplement)

10 **Preamble**

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

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

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

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

22 ~~WHEREAS, The General Assembly determines that this legislation is necessary~~
 23 ~~to improve the economic, market, and legislative environments for Maryland's~~
 24 ~~recreational boating industry to be competitive with other jurisdictions; now,~~
 25 ~~therefore,~~

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

28 **Article - Natural Resources**

29 8-716.

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

31 (2) "Fair market value" means:

32 (i) As to the sale of any vessel by a licensed dealer, the total
 33 purchase price, as certified by the dealer ON A FORM ACCEPTABLE TO THE
 34 DEPARTMENT, LESS THE VALUE OF ANY VESSEL THAT IS TRADED IN AS PART OF THE
 35 CONSIDERATION FOR THE SALE AND TO WHICH THE DEALER TAKES TITLE, WHICH
 36 MAY BE DETERMINED BY USING WHICH TRADE-IN VALUE MAY NOT EXCEED THE

1 VALUE FOR THE TRADE-IN VESSEL AS SHOWN IN A NATIONAL PUBLICATION OF
 2 USED VESSEL VALUES ADOPTED BY THE DEPARTMENT;

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

5 1. The total purchase price; or

6 2. \$100; or

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

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

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

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

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

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

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

26 ~~(e) (1) Except as provided in § 8-715(d) of this subtitle and in subsections (e)~~
 27 ~~and (f) of this section, and in addition to the fees prescribed in subsection (b) of this~~
 28 ~~section, an excise tax is levied at the rate of [5%] 4% of the fair market value of the~~
 29 ~~vessel on:~~

30 ~~(i) the issuance of every original certificate of title required for a~~
 31 ~~vessel under this subtitle;~~

32 ~~(ii) the issuance of every subsequent certificate of title for the sale,~~
 33 ~~resale, or transfer of the vessel;~~

34 ~~(iii) the sale within the State of every other vessel; and~~

35 ~~(iv) the possession within the State of a vessel purchased outside~~
 36 ~~the State to be used principally in the State.~~

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

13 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of
14 Business and Economic Development in ~~conjunction~~ cooperation with the Marine
15 Trades Association of Maryland, Inc. ~~and other interested trade associations and~~
16 tourism boards, shall may develop and implement a marketing and tourism plan to
17 promote boating in Maryland.

18 SECTION 3. AND BE IT FURTHER ENACTED, That the Department of
19 Natural Resources shall decrease the amount of Waterway Improvement Fund
20 revenues it spends on marine operations in the Natural Resources Police by \$750,000
21 per year until the amount spent for these purposes does not exceed the \$1,000,000
22 limit allowed by § 8-709 of the Natural Resources Article. The Governor shall include
23 \$750,000 in general funds in the annual budget for the use of the Department to
24 replace that amount of Waterway Improvement Fund revenues.

25 SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
26 be applicable to all vessels with respect to which a liability for the boat excise tax is
27 incurred on or after July 1, 1998.

28 ~~SECTION 3.~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take
29 effect July 1, 1998. ~~It~~ Section 1 of this Act shall remain effective for a period of 3 years
30 and, at the end of June 30, 2001, with no further action required by the General
31 Assembly, ~~this~~ Section 1 of this Act shall be abrogated and of no further force and
32 effect.