
By: Eastern Shore Delegation, Southern Maryland Delegation, Anne
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County Delegation, Western Maryland Delegation and Delegates
Boston, Conroy, C. Davis, and Howard

Introduced and read first time: February 5, 1998
Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 13, 1998

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 with the Marine Trades Association of Maryland to develop and
10 implement a marketing and tourism plan to promote boating in Maryland;
11 requiring the Department of Natural Resources to decrease certain revenues it
12 spends for certain purposes; requiring the Governor to include a certain amount
13 in general funds in the annual budget for the use of the Department to replace
14 certain revenues; providing for the application of this Act; providing for the
15 termination of part of this Act; and generally relating to an exclusion from the
16 computation of the boat excise tax under certain circumstances for the value of
17 a trade-in vessel.

18 BY repealing and reenacting, with amendments,
19 Article - Natural Resources
20 Section 8-716(a) ~~and (c)(1)~~
21 Annotated Code of Maryland
22 (1990 Replacement Volume and 1997 Supplement)

1

Preamble

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

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

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

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

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

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

19

Article - Natural Resources

20 8-716.

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

22 (2) "Fair market value" means:

23 (i) As to the sale of any vessel by a licensed dealer, the total
24 purchase price, as certified by the dealer ON A FORM ACCEPTABLE TO THE
25 DEPARTMENT, LESS THE VALUE OF ANY VESSEL THAT IS TRADED IN AS PART OF THE
26 CONSIDERATION FOR THE SALE AND TO WHICH THE DEALER TAKES TITLE, WHICH
27 MAY BE DETERMINED BY USING WHICH TRADE-IN VALUE MAY NOT EXCEED THE
28 VALUE FOR THE TRADE-IN VESSEL AS SHOWN IN A NATIONAL PUBLICATION OF
29 USED VESSEL VALUES ADOPTED BY THE DEPARTMENT;

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

32 1. The total purchase price; or

33 2. \$100; or

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

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

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

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

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

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

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

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

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

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

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

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

29 SECTION 2. AND BE IT FURTHER ENACTED, That the Marine Industry
30 Economic Development Task Force that was formed by the Marine Trades Association
31 of Maryland, Inc., the Department of Natural Resources, and the Department of
32 Business and Economic Development in 1996 shall continue its deliberations and in
33 addition to its original charges shall study the feasibility of and strategies for
34 reducing the vessel excise tax by 1%, including funding by the Department of Natural
35 Resources of a survey to be conducted by the University of Maryland Sea Grant
36 College to generate data on the economic impact of this excise tax reduction, and to
37 study the economic impact of the boat excise tax rate reduction and the trade in
38 provision under § 8-716(a)(2)(i) of the Natural Resources Article as enacted by

1 ~~Section 1 of this Act. The Task Force shall report to the General Assembly on or before~~
2 ~~December 1, 1998, in accordance with § 2-1246 of the State Government Article.~~

3 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of
4 Business and Economic Development in conjunction with the Marine Trades
5 Association of Maryland, Inc. shall develop and implement a marketing and tourism
6 plan to promote boating in Maryland.

7 SECTION 3. AND BE IT FURTHER ENACTED, That the Department of
8 Natural Resources shall decrease the amount of Waterway Improvement Fund
9 revenues it spends on marine operations in the Natural Resources Police by \$750,000
10 per year until the amount spent for these purposes does not exceed the \$1,000,000
11 limit allowed by § 8-709 of the Natural Resources Article. The Governor shall include
12 \$750,000 in general funds in the annual budget for the use of the Department to
13 replace that amount of Waterway Improvement Fund revenues.

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

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