

SENATE BILL 512

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R4

1999 Regular Session
9r1909

By: **Senators DeGrange, Stoltzfus, ~~and Lawlah~~ Lawlah, and Jimeno**

Introduced and read first time: February 5, 1999

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 23, 1999

CHAPTER _____

1 AN ACT concerning

2 **Vehicle Laws - Excise Tax - Determination of Fair Market Value and**
3 **Collection of Tax**

4 FOR the purpose of altering the definition of "fair market value" as it relates to the
5 imposition of the vehicle excise tax in the case of certain used vehicle sales;
6 establishing a certain minimum excise tax to be imposed under certain
7 circumstances; requiring an applicant for a certificate of title or registration to
8 submit to the Motor Vehicle Administration a notarized bill of sale ~~form~~ that
9 meets certain requirements and is accompanied by certain documentation under
10 certain circumstances; expanding the circumstances under which a licensed
11 dealer may retain a certain percentage of the vehicle excise tax collected by the
12 dealer on behalf of the Administration; limiting the amount of the excise tax a
13 dealer may retain; making a stylistic change; and generally relating to the
14 vehicle excise tax.

15 BY repealing and reenacting, with amendments,
16 Article - Transportation
17 Section 13-809 and 13-812(a)
18 Annotated Code of Maryland
19 (1998 Replacement Volume and 1998 Supplement)

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

1 **Article - Transportation**

2 13-809.

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

4 (2) "Fair market value" means:

5 (i) As to the sale of any new or used vehicle by a licensed dealer,
6 the total purchase price, as certified by the dealer;

7 (ii) As to a used vehicle that is sold by any person other than a
8 licensed dealer and that has a designated model year that is 7 years old or older, the
9 greater of:

10 1. The total purchase price; or

11 2. ~~\$500~~ \$800;

12 (iii) As to any other used vehicle that is sold by any person other
13 than a licensed dealer[, either:

14 1. The greater of the total purchase price, if verified by
15 means of a notarized bill of sale, signed by both the buyer and the seller, in which the
16 actual price paid for the vehicle is stated or \$500; or

17 2. In the case where the bill of sale does not accompany the
18 title, either the total purchase price or the valuation shown in a national publication
19 of used car values adopted for use by the Department]:

20 1. ~~THE TOTAL PURCHASE PRICE, IF THE TOTAL PURCHASE~~
21 ~~PRICE IS AT LEAST 80 PERCENT OF THE VALUATION LESS THAN \$500 BELOW THE~~
22 ~~RETAIL VALUE OF THE VEHICLE AS SHOWN IN A NATIONAL PUBLICATION OF USED~~
23 ~~CAR VALUES ADOPTED FOR USE BY THE DEPARTMENT; OR~~

24 2. ~~IF THE TOTAL PURCHASE PRICE IS LESS THAN 80~~
25 ~~PERCENT OF THE VALUATION \$500 OR MORE BELOW THE RETAIL VALUE OF THE~~
26 ~~VEHICLE AS SHOWN IN A NATIONAL PUBLICATION OF USED CAR VALUES ADOPTED~~
27 ~~FOR USE BY THE DEPARTMENT:~~

28 A. ~~THE TOTAL PURCHASE PRICE, IF JUSTIFIED~~ VERIFIED TO
29 THE SATISFACTION OF THE ADMINISTRATION BY A NOTARIZED BILL OF SALE
30 SUBMITTED IN ACCORDANCE WITH SUBSECTION (D)(2) OF THIS SECTION; OR

31 B. THE VALUATION SHOWN IN THE NATIONAL PUBLICATION
32 OF USED CAR VALUES, IF THE ADMINISTRATION FINDS THAT THE DOCUMENTATION
33 SUBMITTED UNDER SUBSECTION (D)(2) OF THIS SECTION FAILS TO JUSTIFY VERIFY
34 THE TOTAL PURCHASE PRICE; and

35 (iv) In any other case, [the total purchase price or] the valuation
36 shown in a national publication of used car values adopted for use by the Department.

1 (3) "Total purchase price" means the price of a vehicle agreed on by the
2 buyer and the seller, with no allowance for trade-in or other nonmonetary
3 consideration.

4 (b) (1) Except as otherwise provided in this part, in addition to any other
5 charge required by the Maryland Vehicle Law, an excise tax is imposed:

6 (i) For each original and each subsequent certificate of title issued
7 in this State for a motor vehicle, trailer, or semitrailer; and

8 (ii) Except as provided in paragraph (2) of this subsection, for each
9 motor vehicle, trailer, or semitrailer that is in interstate operation and registered
10 under § 13-109(c) or (d) of this title without a certificate of title.

11 (2) (I) An excise tax of \$50 is imposed for the registration of a trailer
12 exempt from the titling requirement under § 13-102(12) of this title.

13 (II) IN A CASE WHERE THE FAIR MARKET VALUE AS DEFINED IN
14 SUBSECTION (A)(2)(III)2A OF THIS SECTION APPLIES, THE EXCISE TAX IMPOSED
15 UNDER THIS PART MAY NOT BE LESS THAN ~~\$50~~ \$40.

16 (3) A political subdivision of the State may not impose a sales tax, a use
17 tax, or excise tax on the issuance of a motor vehicle certificate of title.

18 (c) (1) Except as provided in subsection (b)(2) of this section, the tax
19 imposed by this section is 5 percent of the fair market value of the vehicle.

20 (2) If the vehicle formerly was a vehicle exempt from the tax imposed by
21 this section, the tax shall be reduced by any amount previously paid by the present
22 owner as a sales and use tax on the vehicle under Title 11 of the Tax - General Article.

23 (3) (i) If the vehicle was formerly titled and registered in another state
24 and the present owner has not been a Maryland resident for more than 30 days and
25 has paid a sales or excise tax to that state at a rate less than that imposed by this
26 State, then the tax imposed shall apply but at a rate measured by the difference only
27 between the tax rate paid to the other state and the tax rate imposed by this section.

28 (ii) Except as provided in subsection (b)(2) of this section, the
29 minimum tax imposed under this section shall be \$100.

30 (d) Each applicant for a certificate of title or for registration under § 13-109(c)
31 of this title shall submit to the Administration:

32 (1) The information that the Administration considers necessary as to:

33 (i) The time of purchase of the vehicle; and

34 (ii) The purchase price and other information relating to the
35 determination of the fair market value of the vehicle, WHICH MAY INCLUDE, BUT IS
36 NOT LIMITED TO:

- 1 1. CANCELED CHECKS;
- 2 2. MONEY ORDER RECEIPTS;
- 3 3. LOAN DOCUMENTS; OR
- 4 4. A WRITTEN DESCRIPTION OF THE VEHICLE'S CONDITION;
- 5 and

6 (2) If the excise tax is based on the total purchase price of the vehicle AS
7 PROVIDED IN SUBSECTION (A)(2)(III)2A OF THIS SECTION, a [certified] NOTARIZED
8 bill of sale ~~FORM~~ THAT:

9 (I) IS DESIGNED BY, AND OBTAINED FROM, THE ADMINISTRATION;

10 (II) IS SIGNED BY THE BUYER AND THE SELLER; AND

11 ~~(III) IN THE CASE OF A TOTAL PURCHASE PRICE THAT IS LESS THAN~~
12 ~~80 PERCENT OF THE VALUATION SHOWN IN A NATIONAL PUBLICATION OF USED CAR~~
13 ~~VALUES ADOPTED FOR USE BY THE DEPARTMENT, IS ACCOMPANIED BY SUPPORTING~~
14 ~~DOCUMENTATION TO JUSTIFY THE TOTAL PURCHASE PRICE, INCLUDING:~~

- 15 1. ~~CANCELED CHECKS;~~
- 16 2. ~~MONEY ORDER RECEIPTS;~~
- 17 3. ~~LOAN DOCUMENTS;~~
- 18 4. ~~A WRITTEN DESCRIPTION OF THE VEHICLE'S CONDITION;~~
- 19 ~~OR~~
- 20 5. ~~ANY OTHER EVIDENCE REQUIRED BY THE~~
21 ~~ADMINISTRATION TO MAKE A DETERMINATION OF FAIR MARKET VALUE.~~

22 (III) INCLUDES A STATEMENT EXPLAINING WHY THE VEHICLE WAS
23 SOLD AT THE PRICE STATED IN THE BILL OF SALE.

24 (e) Any person who fails to pay the excise tax as required in this section is
25 guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$1,000.

26 13-812.

27 (a) For collecting and remitting the tax, a licensed dealer who, on behalf of the
28 Administration, collects the excise tax imposed by this part [for any Class A
29 (passenger) vehicle, Class D (motorcycle) vehicle, Class G (trailer) travel trailer or
30 camping trailer, or Class M (multipurpose) vehicle,] may keep THE LESSER OF \$24
31 PER VEHICLE OR 1.2 percent of the gross excise tax [he] THE DEALER collects [for
32 these vehicles] ~~UP TO \$24 PER VEHICLE.~~

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 October 1, 1999.

