

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE

House Bill 1255 (Delegate Rosso, *et al.*)

Ways and Means

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**Motor Homes and Travel Trailers - Vehicle Excise Tax - Definitions**

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This bill provides that the total purchase price of motor homes and travel trailers used to determine the motor vehicle excise tax be reduced by an allowance for a trade-in. The value of the trade-in may not exceed the value shown in a national publication of used motor home and travel trailer values adopted for use by the Motor Vehicle Administration (MVA). The bill applies to motor homes and travel trailers which incur tax liability on or after July 1, 2000.

The bill also authorizes the Department of Business and Economic Development (DBED) to develop and implement a marketing and tourism plan to promote the use of motor homes and travel trailers in Maryland. In developing the plan, DBED is to cooperate with the Maryland Recreational Vehicle Dealers Association and other interested trade associations and tourism boards.

The bill is effective July 1, 2000, and sunsets on June 30, 2003.

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**Fiscal Summary**

**State Effect:** Potential significant decrease in Transportation Trust Fund (TTF) revenue due to the trade-in allowance through FY 2003 (at least \$367,800). Increase in general fund expenditures of up to \$20,000 in FY 2001 only for a marketing and tourism plan to promote the use of motor homes and travel trailers in Maryland.

**Local Effect:** Potential significant decrease in revenue.

**Small Business Effect:** Minimal.

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## Analysis

**Current Law:** The excise tax, or titling tax as it is often referred to, is paid at the time of application for an original or subsequent title to a vehicle. Applicants pay 5% of the fair market value of the vehicle. Fair market value is defined as the total purchase price of any new or used vehicle sold by a licensed dealer. For a used vehicle that is sold by a person other than a licensed dealer and is seven years old or older, the fair market value is the greater of the total purchase price or \$640. For any other vehicle that is sold by a person other than a licensed dealer the fair market value is: (1) the total purchase price, if the total purchase price is less than \$500 below the retail value of the vehicle as shown in a national publication of used car values; (2) if the total purchase price is \$500 or more below the retail value of the vehicle as shown in a national publication of used car values, the total purchase price if verified by a notarized bill of sale; or (3) if the documentation does not satisfy the Motor Vehicle Administration (MVA), the valuation in the national publication. Further, the total purchase price is the price of a vehicle agreed on by the buyer and the seller with no allowance for a trade-in or other monetary consideration.

**State Revenues:** There are no records that definitively show the value of trade-ins for all motor homes and travel trailers in the State. There are 9,942 registered motor homes in Maryland. There are no records on the number of travel trailers.

A survey conducted by the Maryland Recreational Vehicle Dealers Association of ten of the top 15 recreational vehicle dealers in Maryland (based on sales figures) demonstrates that annual excise tax revenues from the ten dealers is about \$2,196,000 on total sales of \$43,932,000. The value of annual trade-ins to the surveyed dealers is estimated at \$7,356,000. The excise tax revenue that would be lost pursuant to the bill's provisions for the vehicles sold from the ten dealers would be \$367,800. Because there are 23 licensed dealers in the State that sell motor homes and travel trailers, the actual revenue lost due to the bill could be significantly higher.

Titling tax revenue is split 76% to the TTF and 24% to the counties and Baltimore City.

**State Expenditures:** The bill authorizes DBED, in cooperation with the Maryland Recreational Vehicle Dealers Association and other interested trade associations and tourism boards, to develop and implement a marketing and tourism plan to promote the use of motor homes and travel trailers in Maryland. It is estimated that the development of such a plan could cost \$20,000 for advertising, brochures, and related expenses. It is unclear as to what extent the expenses would be shared between DBED and the private entities.

**Local Revenues:** Local governments' share of titling tax revenues is 24% of total revenues. To the extent that titling tax revenues decline, local highway user revenues will decline.

Any such decline could be significant.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Transportation (Motor Vehicle Administration), Department of Business and Economic Development, Department of Legislative Services

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