

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE

House Bill 557 (Delegate Menes)

Ways and Means

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**Motor Vehicles - Transfers Between Family Members - Exemption from Excise Tax**

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This bill adds a niece or nephew of a vehicle owner to the list of exempted relatives who are not required to pay the excise tax if the vehicle is transferred to them if: (1) the transferor is at least 65 years of age at the time of the transfer; and (2) no money or other valuable consideration is involved in the transfer.

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**Fiscal Summary**

**State Effect:** Decrease in Transportation Trust Fund (TTF) revenues of \$138,300 for every 500 vehicles that would be exempt from the excise tax due to the bill. The bill is expected to affect fewer than 500 transactions annually. No effect on expenditures.

**Local Effect:** Decrease in revenue of \$43,700 for every 500 vehicles that would be exempt from the excise tax due to the bill.

**Small Business Effect:** None.

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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.

A vehicle is exempt from the excise tax if it is transferred to a spouse, son, daughter, grandchild, parent, sister, brother, grandparent, father-in-law, mother-in-law, son-in-law, or daughter-in-law of the transferor.

**State Revenues:** There are no records that definitively indicate how many vehicle transfers would be exempt from the excise tax under the bill's provisions, although the number is assumed to be less than 500. Based on the Motor Vehicle Administration records, the average excise tax for a used vehicle is \$364. Thus, for every 500 vehicles that would be exempt from the excise tax due to the bill, total excise tax revenue could decline \$182,000. Titling tax revenue is split; 76% to the TTF and 24% to local governments. Accordingly, for every 500 transactions, TTF revenue could decline by \$138,300.

**Local Revenues:** As stated above, local governments receive 24% of titling tax revenue. For every 500 vehicles that would be exempt from the excise tax due to the bill, local revenues could decline by \$43,700.

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### **Additional Information**

**Prior Introductions:** A similar bill was introduced in the 1999 session as HB 1154. It passed the House but was not reported out of the Senate Budget and Taxation Committee.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 29, 2000  
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