**Unofficial Copy** Q5

2004 Regular Session (4lr0928)

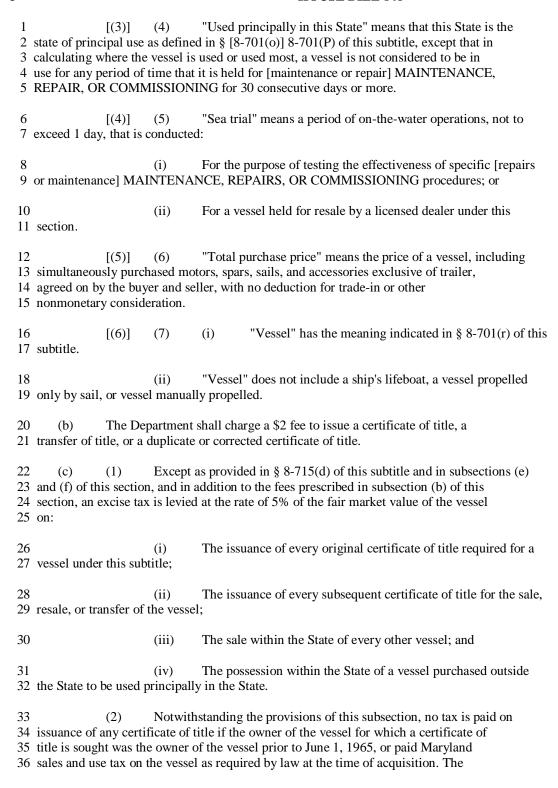
## ENROLLED BILL

-- Ways and Means/Budget and Taxation --

Introduced by <b>Delegate Edwards</b>	
Read and Examined by Proofreaders:	
	Proofreader.
Sealed with the Great Seal and presented to the Governor, for his approval this day of at o'clock,M.	Proofreader.
	Speaker.
CHAPTER	
1 AN ACT concerning	
2 Vessel Excise Tax - Exemption - Vessel Commissioning	
FOR the purpose of altering certain exemptions from the vessel excise tax; authorizing the Department of Natural Resources to adopt certain regulations; defining certain terms and altering certain definitions under the State vessel excise tax; making a technical change; providing for a delayed effective date for certain provisions of this Act; and generally relating to the vessel excise tax established under the State Boat Act.	
<ul> <li>9 BY repealing and reenacting, with amendments,</li> <li>10 Article - Natural Resources</li> </ul>	

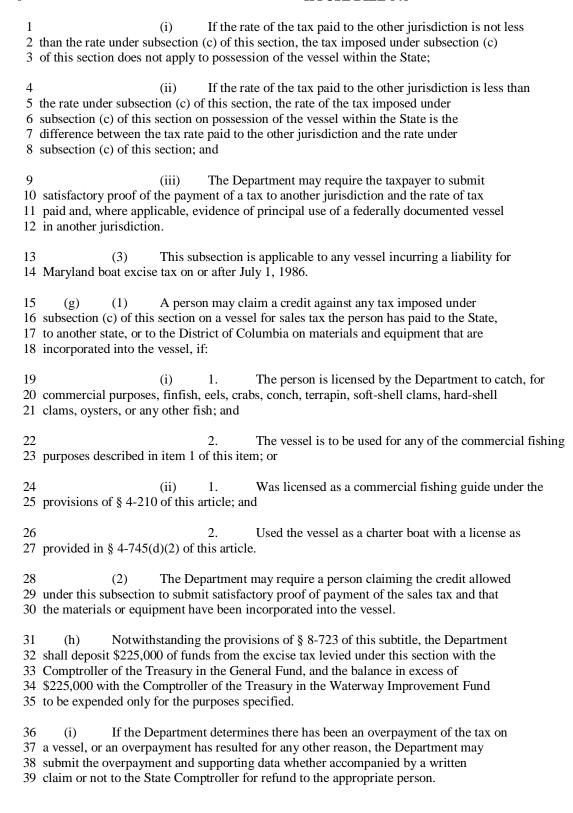
- 11 Section 8-704(a) and 8-716
- 12 Annotated Code of Maryland
- (2000 Replacement Volume and 2003 Supplement) 13
- 14 <u>BY repealing and reenacting, with amendments,</u>
   15 <u>Article Natural Resources</u>

-	NOODE BILL 040						
1 2 3	Section 8-716(e)(2)  Annotated Code of Maryland (2000 Replacement Volume and 2003 Supplement)						
4 5	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:						
6	Article - Natural Resources						
7	8-704.						
	(a) The Department may adopt regulations necessary to carry out the provisions of this subtitle, INCLUDING THE DETERMINATION OF THE STATE OF PRINCIPAL USE FOR THE PURPOSE OF ASSESSING THE VESSEL EXCISE TAX.						
11	8-716.						
12	(a) (1) In this section the following words have the meanings indicated.						
15	(2) "COMMISSIONING PROCEDURES" MEANS THE INITIAL OUTFITTING OF A VESSEL IMMEDIATELY AFTER THE PURCHASE OF THE VESSEL, INCLUDING THE INSTALLATION OF RIGGING, ELECTRONIC GEAR, PROPULSION MACHINERY, GENERATORS, OR OTHER RELATED GEAR.						
17	[(2)] (3) "Fair market value" means:						
20 21 22	(i) As to the sale of any vessel by a licensed dealer or a dealer licensed by another state or a foreign country, the total purchase price, as certified by the dealer on a form acceptable to the Department, less the value of any vessel that is traded in as part of the consideration for the sale, which trade-in value may not exceed the value for the trade-in vessel as shown in a national publication of used vessel values adopted by the Department;						
24 25	(ii) As to any other vessel that is sold by any person other than a licensed dealer, the greater of:						
26	1. The total purchase price; or						
27	2. \$100; or						
28 29	(iii) As to any other vessel that is sold by any person other than a licensed dealer, either:						
	1. The total purchase price, if verified by means of a certified bill of sale approved by the Department, in which the actual price paid for the vessel is stated; or						
	2. The valuation shown in a national publication of used vessel values adopted by the Department if a certified bill of sale does not accompany the application.						



1 Department may require the applicant for titling to submit satisfactory proof that the 2 applicant owned the vessel prior to June 1, 1965. 3 If the tax is not collected by a licensed dealer pursuant to § 8-716.1 of this 4 subtitle, the owner, whether or not applying for the issuance of a title, shall remit the 5 tax directly to the Department within 30 days of the date of sale or, in the case of a 6 vessel purchased outside the State, within 30 days of the date upon which the possession within the State became subject to the tax. A person is not required to pay the tax provided for in subsection (c) of this 8 section resulting from: 10 (1) A transfer between members of the immediate family as determined 11 by Department regulations; (2) A transfer to a licensed dealer of a vessel for resale, RENTAL, OR 13 **LEASING** purposes; 14 The holding of a vessel that is titled or numbered in another state or (3) 15 is federally documented, provided: The vessel is held for resale or listed for resale by a licensed 16 (i) 17 dealer; and 18 (ii) The vessel owner signs an affidavit that there will be no use of 19 the vessel on the waters of the State other than for a sea trial; 20 (4) Purchase of a vessel by the State or any political subdivision; 21 (5) Purchase of a vessel by an eleemosynary organization which the 22 Secretary has approved; 23 The purchase within the State of a vessel if the owner paid or 24 incurred a liability for the Maryland sales and use tax on the vessel prior to July 1, 25 1986; The possession within the State of a vessel which was purchased 26 (7) 27 outside the State if the owner paid or incurred a liability for the Maryland use tax on 28 the vessel prior to July 1, 1986; 29 The possession of a vessel [that was purchased or acquired prior to 30 coming into the State by a nonresident of IN the State [and] THAT is not used OR TO 31 BE USED principally on the waters of the State and [if] FOR WHICH the issuance of a 32 title is not sought OR REQUIRED UNDER THIS SUBTITLE, except that: 33 A vessel is not deemed used on the waters of the State if the 34 vessel is used for 90 days or less of a calendar year; and

	the period of 90 days subtitle;	(ii) shall be c		sel is used for more days than 90 days in a calendar year, in the determination of principal use under this		
4 5	(9) before July 1, 1986:	The poss	session w	vithin the State of a vessel if the current owner,		
	purposes, finfish, eels oysters, or any other f		1. onch, ter	Was licensed by the Department to catch, for commercial rapin, soft-shell clams, hard-shell clams,		
9 10	described in item 1 o	f this iten	2. n; or	Used the vessel for any of the commercial fishing purposes		
11 12	provisions of § 4-210	(ii) of this a	1. rticle; an	Was licensed as a commercial fishing guide under the d		
13 14	provided in § 4-745(a	d)(2) of th	2. nis article	Used the vessel as a charter boat with a license as e; or		
15	(10)	The poss	session w	vithin the State of a vessel that:		
16		(i)	Is owned	d by a nonprofit organization that:		
17 18	Revenue Code; and		1.	Is qualified as tax exempt under § 501(c)(4) of the Internal		
	2. Is engaged in providing a program to render its best efforts to contain, clean up, and otherwise mitigate spills of oil or other substances occurring in United States coastal and tidal waters; and					
22		(ii)	Is used t	for the purposes of the organization.		
23	(f) (1)	This sub	section a	applies to possession within the State of a vessel if:		
24		(i)	The ves	sel was formerly:		
25			1.	Titled or numbered in another jurisdiction; or		
26 27	jurisdiction;		2.	Federally documented and principally used in another		
28 29	the other jurisdiction	(ii) ; and	The pres	sent owner has paid a sales or excise tax on the vessel to		
	exemption or credit upaid to the State.	(iii) under its s		sdiction to which the tax was paid would allow an xcise tax for excise tax on a vessel formerly		
33	(2)	For a ve	ssel desc	ribed in paragraph (1) of this subsection:		



3 4	(j) Notwithstanding any other provision of this section, the Department shall deposit, in accordance with the provisions of § 8-723 of this subtitle, up to \$350,000 of funds from the excise tax levied under this section and as appropriated in the State budget, to be used for enforcement of the State Boat Act, including collection of the excise tax levied under this section.
	(k) (1) For purposes of subsection (a)(3)(4) of this section, a vessel is deemed to be held for [maintenance or repair] MAINTENANCE, REPAIR, OR COMMISSIONING if:
9 10	(i) The [maintenance or repair] MAINTENANCE, REPAIR, OR COMMISSIONING work is provided in exchange for compensation;
	(ii) The [maintenance or repair] MAINTENANCE, REPAIR, OR COMMISSIONING work is performed pursuant to a schedule preestablished with one or more marine contractors; and
	(iii) The total cost of the [maintenance or repair] MAINTENANCE, REPAIR, OR COMMISSIONING work is at least two times the reasonable current market cost of docking or storing the vessel.
	(2) Time spent conducting sea trials shall be included when calculating the period of time a vessel is held for [maintenance or repair] MAINTENANCE, REPAIR, OR COMMISSIONING under subsection (a)(3) (4) of this section.
20 21	<u>SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland</u> <u>read as follows:</u>
22	Article - Natural Resources
23	<u>8-716.</u>
24 25	(e) A person is not required to pay the tax provided for in subsection (c) of this section resulting from:
26 27	(2) <u>A transfer to a licensed dealer of a vessel for resale, RENTAL, OR</u> <u>LEASING purposes;</u>
28 29	<u>SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect July 1, 2005.</u>
30 31	SECTION 2. 4. AND BE IT FURTHER ENACTED, That, except as provided in Section 3 of this Act, this Act shall take effect July 1, 2004.