
By: **Chairman, Budget and Taxation Committee (By Request -
Departmental - Natural Resources)**

Introduced and read first time: January 26, 2006

Rules suspended

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: February 28, 2006

CHAPTER _____

1 AN ACT concerning

2 **Vessel Excise Tax - Exemption - Vessels Taken Out of State**

3 FOR the purpose of providing an exemption from the vessel excise tax for certain
4 vessels purchased in this State under certain conditions; and generally relating
5 to the assessment of the vessel excise tax.

6 BY repealing and reenacting, with amendments,
7 Article - Natural Resources
8 Section 8-716(e)
9 Annotated Code of Maryland
10 (2000 Replacement Volume and 2005 Supplement)

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

13 **Article - Natural Resources**

14 8-716.

15 (e) A person is not required to pay the tax provided for in subsection (c) of this
16 section resulting from:

17 (1) A transfer between members of the immediate family as determined
18 by Department regulations;

1 (2) A transfer to a licensed dealer of a vessel for resale, rental, or leasing
2 purposes;

3 (3) The holding of a vessel that is titled or numbered in another state or
4 is federally documented, provided:

5 (i) The vessel is held for resale or listed for resale by a licensed
6 dealer; and

7 (ii) The vessel owner signs an affidavit that there will be no use of
8 the vessel on the waters of the State other than for a sea trial;

9 (4) Purchase of a vessel by the State or any political subdivision;

10 (5) Purchase of a vessel by an eleemosynary organization which the
11 Secretary has approved;

12 (6) The purchase within the State of a vessel if the owner paid or
13 incurred a liability for the Maryland sales and use tax on the vessel prior to July 1,
14 1986;

15 (7) The possession within the State of a vessel which was purchased
16 outside the State if the owner paid or incurred a liability for the Maryland use tax on
17 the vessel prior to July 1, 1986;

18 (8) The possession of a vessel in the State that is not used or to be used
19 principally on the waters of the State and for which the issuance of a title is not
20 sought or required under this subtitle, except that:

21 (i) A vessel is not deemed used on the waters of the State if the
22 vessel is used for 90 days or less of a calendar year; and

23 (ii) If a vessel is used for more days than 90 days in a calendar year,
24 the period of 90 days shall be counted in the determination of principal use under this
25 subtitle;

26 (9) The possession within the State of a vessel if the current owner,
27 before July 1, 1986:

28 (i) 1. Was licensed by the Department to catch, for commercial
29 purposes, finfish, eels, crabs, conch, terrapin, soft-shell clams, hard-shell clams,
30 oysters, or any other fish; and

31 2. Used the vessel for any of the commercial fishing purposes
32 described in item 1 of this item; or

33 (ii) 1. Was licensed as a commercial fishing guide under the
34 provisions of § 4-210 of this article; and

35 2. Used the vessel as a charter boat with a license as
36 provided in § 4-745(d)(2) of this article; [or]

1 (10) The possession within the State of a vessel that:

2 (i) Is owned by a nonprofit organization that:

3 1. Is qualified as tax exempt under § 501(c)(4) of the Internal
4 Revenue Code; and

5 2. Is engaged in providing a program to render its best
6 efforts to contain, clean up, and otherwise mitigate spills of oil or other substances
7 occurring in United States coastal and tidal waters; and

8 (ii) Is used for the purposes of the organization; OR

9 (11) THE SALE OF A VESSEL WITHIN THE STATE IF:

10 (I) THE VESSEL IS PURCHASED FROM A LICENSED DEALER;

11 (II) THE ISSUANCE OF A TITLE IS NOT SOUGHT OR REQUIRED;

12 (III) THE VESSEL IS NOT USED OR TO BE USED PRINCIPALLY ON THE
13 WATERS OF THIS STATE;

14 (IV) THE VESSEL IS DULY REGISTERED IN ANOTHER JURISDICTION
15 WITHIN 30 DAYS OF THE DATE OF PURCHASE; AND

16 (V) THE DEALER AND THE PURCHASER EXECUTE AN AGREEMENT
17 CERTIFYING THE STATE OF PRINCIPAL USE FOR THE VESSEL WHICH IS FILED WITH
18 THE DEPARTMENT WITHIN 30 DAYS OF THE DATE OF PURCHASE.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
20 effect June 1, 2006.