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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

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A BILL ENTITLED

1 AN ACT concerning

2 **Vessel Excise Tax - Family Transfers - Documented Vessels**

3 FOR the purpose of providing an exemption from the vessel excise tax for federally  
4 documented vessels transferred between certain family members under certain  
5 conditions; and generally relating to the application of the vessel excise tax to  
6 certain federally documented vessels.

7 BY repealing and reenacting, with amendments,  
8 Article - Natural Resources  
9 Section 8-716(e)  
10 Annotated Code of Maryland  
11 (2000 Replacement Volume and 2005 Supplement)

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

14 **Article - Natural Resources**

15 8-716.

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

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

20 (2) A TRANSFER BETWEEN MEMBERS OF THE IMMEDIATE FAMILY AS  
21 DETERMINED BY DEPARTMENT REGULATIONS OF A DOCUMENTED VESSEL FOR  
22 WHICH THE TRANSFEROR APPLIED FOR AND WAS ISSUED A VALID USE STICKER  
23 UNDER § 8-712.1 OF THIS SUBTITLE;

24 [(2)] (3) A transfer to a licensed dealer of a vessel for resale, rental, or  
25 leasing purposes;

## UNOFFICIAL COPY OF SENATE BILL 318

- 1                [(3)]    (4)    The holding of a vessel that is titled or numbered in another  
2 state or is federally documented, provided:
- 3                            (i)      The vessel is held for resale or listed for resale by a licensed  
4 dealer; and
- 5                            (ii)     The vessel owner signs an affidavit that there will be no use of  
6 the vessel on the waters of the State other than for a sea trial;
- 7                [(4)]    (5)    Purchase of a vessel by the State or any political subdivision;
- 8                [(5)]    (6)    Purchase of a vessel by an eleemosynary organization which the  
9 Secretary has approved;
- 10               [(6)]    (7)    The purchase within the State of a vessel if the owner paid or  
11 incurred a liability for the Maryland sales and use tax on the vessel prior to July 1,  
12 1986;
- 13               [(7)]    (8)    The possession within the State of a vessel which was  
14 purchased outside the State if the owner paid or incurred a liability for the Maryland  
15 use tax on the vessel prior to July 1, 1986;
- 16               [(8)]    (9)    The possession of a vessel in the State that is not used or to be  
17 used principally on the waters of the State and for which the issuance of a title is not  
18 sought or required under this subtitle, except that:
- 19                            (i)      A vessel is not deemed used on the waters of the State if the  
20 vessel is used for 90 days or less of a calendar year; and
- 21                            (ii)     If a vessel is used for more days than 90 days in a calendar year,  
22 the period of 90 days shall be counted in the determination of principal use under this  
23 subtitle;
- 24               [(9)]    (10)   The possession within the State of a vessel if the current owner,  
25 before July 1, 1986:
- 26                            (i)      1.      Was licensed by the Department to catch, for commercial  
27 purposes, finfish, eels, crabs, conch, terrapin, soft-shell clams, hard-shell clams,  
28 oysters, or any other fish; and
- 29    2.      Used the vessel for any of the commercial fishing purposes  
30 described in item 1 of this item; or
- 31                            (ii)     1.      Was licensed as a commercial fishing guide under the  
32 provisions of § 4-210 of this article; and
- 33    2.      Used the vessel as a charter boat with a license as  
34 provided in § 4-745(d)(2) of this article; or
- 35               [(10)]   (11)   The possession within the State of a vessel that:

- 1 (i) Is owned by a nonprofit organization that:
- 2 1. Is qualified as tax exempt under § 501(c)(4) of the Internal  
3 Revenue Code; and
- 4 2. Is engaged in providing a program to render its best  
5 efforts to contain, clean up, and otherwise mitigate spills of oil or other substances  
6 occurring in United States coastal and tidal waters; and
- 7 (ii) Is used for the purposes of the organization.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
9 effect October 1, 2006.