
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 21, 2006

CHAPTER _____

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;

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

5 [(2)] (3) A transfer to a licensed dealer of a vessel for resale, rental, or
6 leasing purposes;

7 [(3)] (4) The holding of a vessel that is titled or numbered in another
8 state or is federally documented, provided:

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

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

13 [(4)] (5) Purchase of a vessel by the State or any political subdivision;

14 [(5)] (6) Purchase of a vessel by an eleemosynary organization which the
15 Secretary has approved;

16 [(6)] (7) The purchase within the State of a vessel if the owner paid or
17 incurred a liability for the Maryland sales and use tax on the vessel prior to July 1,
18 1986;

19 [(7)] (8) The possession within the State of a vessel which was
20 purchased outside the State if the owner paid or incurred a liability for the Maryland
21 use tax on the vessel prior to July 1, 1986;

22 [(8)] (9) The possession of a vessel in the State that is not used or to be
23 used principally on the waters of the State and for which the issuance of a title is not
24 sought or required under this subtitle, except that:

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

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

30 [(9)] (10) The possession within the State of a vessel if the current owner,
31 before July 1, 1986:

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

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

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

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

5 [(10)] (11) The possession within the State of a vessel that:

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

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

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

12 (ii) Is used for the purposes of the organization.

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