
By: **Senators DeGrange, Brinkley, Giannetti, and Jimeno**

Introduced and read first time: February 10, 2006

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Excise Tax - Trade Difference Allowance**

3 FOR the purpose of altering the definition of "fair market value" and "total purchase
4 price" for purposes of the vehicle excise tax imposed on a passenger car or a
5 multipurpose passenger vehicle to exclude from the computation of the tax,
6 subject to a certain limitation, the value of the passenger car or multipurpose
7 passenger vehicle traded in as part of the consideration for the sale of the
8 passenger car or multipurpose passenger vehicle by certain licensed dealers;
9 providing for the effective date of certain provisions of this Act; providing for the
10 termination of certain provisions of this Act; and generally relating to the motor
11 vehicle excise tax imposed on passenger cars and multipurpose passenger
12 vehicles.

13 BY repealing and reenacting, with amendments,
14 Article - Transportation
15 Section 13-809(a)
16 Annotated Code of Maryland
17 (2002 Replacement Volume and 2005 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article - Transportation
20 Section 13-809(a)
21 Annotated Code of Maryland
22 (2002 Replacement Volume and 2005 Supplement)
23 (As enacted by Chapter 361 of the Acts of the General Assembly of 2001)

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

26 **Article - Transportation**

27 13-809.

28 (a) (1) In this section the following words have the meanings indicated.

1 (2) "Fair market value" means:

2 (i) Except as provided in item (iv) of this paragraph, as to the sale
3 of any new or used vehicle by a licensed dealer, the total purchase price, as certified
4 by the dealer;

5 (ii) As to a used vehicle that is sold by any person other than a
6 licensed dealer and that has a designated model year that is 7 years old or older, the
7 greater of:

8 1. The total purchase price; or

9 2. \$640;

10 (iii) As to any other used vehicle that is sold by any person other
11 than a licensed dealer:

12 1. The total purchase price, if the total purchase price is less
13 than \$500 below the retail value of the vehicle as shown in a national publication of
14 used car values adopted for use by the Department; or

15 2. If the total purchase price is \$500 or more below the retail
16 value of the vehicle as shown in a national publication of used car values adopted for
17 use by the Department:

18 A. The total purchase price, if verified to the satisfaction of
19 the Administration by a notarized bill of sale submitted in accordance with subsection
20 (d)(2) of this section; or

21 B. The valuation shown in the national publication of used
22 car values, if the Administration finds that the documentation submitted under
23 subsection (d)(2) of this section fails to verify the total purchase price;

24 (iv) As to the sale of any NEW PASSENGER CAR, NEW
25 MULTIPURPOSE PASSENGER VEHICLE, OR new or used motor home or travel trailer,
26 by a licensed dealer, or a dealer licensed by another state or a foreign country, the
27 total purchase price, as defined in paragraph (4)(ii) of this subsection, as certified by
28 the dealer on a form acceptable to the Administration; and

29 (v) In any other case, the valuation shown in a national publication
30 of used car values adopted for use by the Department.

31 (3) "Motor home" has the meaning stated in § 11-134.3 of this article.

32 (4) "Total purchase price" means:

33 (i) Except as provided in item (ii) of this paragraph, the price of a
34 vehicle agreed on by the buyer and the seller, including any dealer processing charge,
35 with no allowance for trade-in or other nonmonetary consideration; and

1 (ii) 1. In the case of a motor home or travel trailer, the price of
2 the motor home or travel trailer agreed on by the buyer and the seller less the value,
3 not to exceed the value shown in a national publication of used motor home and travel
4 trailer values adopted for use by the Department, of any motor home or travel trailer
5 that is traded in as part of the consideration of the sale; OR

6 2. IN THE CASE OF A NEW PASSENGER CAR OR NEW
7 MULTIPURPOSE PASSENGER VEHICLE, THE PRICE OF THE PASSENGER CAR OR
8 MULTIPURPOSE PASSENGER VEHICLE AGREED ON BY THE BUYER AND SELLER LESS
9 AN ALLOWANCE FOR TRADE-IN THAT IS EQUAL TO:

10 A. FOR SALES ON OR AFTER JULY 1, 2006, BUT BEFORE JULY
11 1, 2007, 30% OF THE VALUE OF THE TRADE-IN;

12 B. FOR SALES ON OR AFTER JULY 1, 2007, BUT BEFORE JULY
13 1, 2008, 60% OF THE VALUE OF THE TRADE-IN; AND

14 C. FOR SALES ON OR AFTER JULY 1, 2008, 100% OF THE VALUE
15 OF THE TRADE-IN.

16 (5) "Travel trailer" has the meaning stated in § 11-170 of this article.

17 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
18 read as follows:
19 13-809.

20 (a) (1) In this section the following words have the meanings indicated.

21 (2) "Fair market value" means:

22 (i) As to the sale of any new or used vehicle by a licensed dealer,
23 the total purchase price, as certified by the dealer;

24 (ii) As to a used vehicle that is sold by any person other than a
25 licensed dealer and that has a designated model year that is 7 years old or older, the
26 greater of:

27 1. The total purchase price; or

28 2. \$640;

29 (iii) As to any other used vehicle that is sold by any person other
30 than a licensed dealer:

31 1. The total purchase price, if the total purchase price is less
32 than \$500 below the retail value of the vehicle as shown in a national publication of
33 used car values adopted for use by the Department; or

1 2. If the total purchase price is \$500 or more below the retail
 2 value of the vehicle as shown in a national publication of used car values adopted for
 3 use by the Department:

4 A. The total purchase price, if verified to the satisfaction of
 5 the Administration by a notarized bill of sale submitted in accordance with subsection
 6 (d)(2) of this section; or

7 B. The valuation shown in the national publication of used
 8 car values, if the Administration finds that the documentation submitted under
 9 subsection (d)(2) of this section fails to verify the total purchase price; [and]

10 (IV) AS TO THE SALE OF ANY NEW PASSENGER CAR OR NEW
 11 MULTIPURPOSE PASSENGER VEHICLE BY A LICENSED DEALER, OR A DEALER
 12 LICENSED BY ANOTHER STATE OR FOREIGN COUNTRY, THE TOTAL PURCHASE PRICE
 13 AS DEFINED IN PARAGRAPH (3) (I) OF THIS SUBSECTION, AS CERTIFIED BY THE
 14 DEALER ON A FORM ACCEPTABLE TO THE ADMINISTRATION; AND

15 [(iv)] (V) In any other case, the valuation shown in a national
 16 publication of used car values adopted for use by the Department.

17 (3) "Total purchase price" means:

18 (I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS PARAGRAPH, the
 19 price of a vehicle agreed on by the buyer and the seller, including any dealer
 20 processing charge, with no allowance for trade-in or other nonmonetary
 21 consideration; AND

22 (II) IN THE CASE OF A NEW PASSENGER CAR OR NEW
 23 MULTIPURPOSE PASSENGER VEHICLE, THE PRICE OF THE PASSENGER CAR OR
 24 MULTIPURPOSE PASSENGER VEHICLE AGREED ON BY THE BUYER AND SELLER LESS
 25 AN ALLOWANCE FOR TRADE-IN THAT IS EQUAL TO:

26 1. FOR SALES ON OR AFTER JULY 1, 2006, BUT BEFORE JULY
 27 1, 2007, 30% OF THE VALUE OF THE TRADE-IN;

28 2. FOR SALES ON OR AFTER JULY 1, 2007, BUT BEFORE JULY
 29 1, 2008, 60% OF THE VALUE OF THE TRADE-IN; AND

30 3. FOR SALES ON OR AFTER JULY 1, 2008, 100% OF THE VALUE
 31 OF THE TRADE-IN.

32 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
 33 take effect on the taking effect of the termination provision specified in Section 5 of
 34 Chapter 361 of the Acts of the General Assembly of 2001. If that termination provision
 35 takes effect, Section 1 of this Act shall be abrogated and of no further force and effect.
 36 This Act may not be interpreted to have any effect on that termination provision.

37 SECTION 4. AND BE IT FURTHER ENACTED, That, subject to the provisions
 38 of Section 3 of this Act, this Act shall take effect July 1, 2006.

