

# CHAPTER 634

(House Bill 1570)

AN ACT concerning

## **Motor Vehicle Excise Tax – Leased Vehicles – ~~Residual Value Application of Trade-In Value~~**

FOR the purpose of ~~prohibiting a lessor from passing on to the lessee the portion of the motor vehicle excise tax paid by the lessor on the residual value of a leased vehicle; providing that a lessor is entitled to a refund of the portion of the motor vehicle excise tax paid by the lessor on the residual value of a leased vehicle; requiring a lessor to apply to the Motor Vehicle Administration on a certain form in order to obtain a refund; defining certain terms; and generally relating to the motor vehicle excise tax and the residual value of leased vehicles altering the definition of “total purchase price” for the purposes of the vehicle excise tax to exclude from the computation of the tax part of the consideration for the sale of a vehicle; requiring the Motor Vehicle Administration to adopt certain regulations; providing for the retroactive application of this Act; requiring the Administration to notify certain persons of certain rebates under certain circumstances; making this Act an emergency measure; defining certain terms; and generally relating to the motor vehicle excise tax.~~

BY repealing and reenacting, with amendments,

Article – Transportation

Section 13-809(a)(3)

Annotated Code of Maryland

(2006 Replacement Volume and 2007 Supplement)

BY adding to

Article – Transportation

Section 13-809.1 13-809(f)

Annotated Code of Maryland

(2006 Replacement Volume and 2007 Supplement)

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

### **Article – Transportation**

#### **13-809.1. 13-809.**

~~(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.~~

~~(2) "EXCISE TAX" MEANS THE EXCISE TAX IMPOSED BY THIS PART.~~

~~(3) "LEASE AGREEMENT" MEANS A CONTRACT IN THE FORM OF A BAILMENT OR LEASE FOR THE USE OF A MOTOR VEHICLE FOR A PERIOD OF TIME EXCEEDING 180 CONSECUTIVE DAYS, INCLUDING RENEWAL PERIODS, WHETHER OR NOT THE LESSEE HAS THE OPTION TO PURCHASE OR OTHERWISE BECOME THE OWNER OF THE MOTOR VEHICLE AT THE EXPIRATION OF THE LEASE.~~

~~(4) "RESIDUAL VALUE" MEANS THE VALUE OF A LEASED VEHICLE AT THE END OF THE LEASE TERM AS DETERMINED BY THE MANUFACTURER.~~

~~(B) AS PART OF A LEASE AGREEMENT, THE LESSOR MAY NOT PASS ON TO THE LESSEE THE PORTION OF THE EXCISE TAX PAID BY THE LESSOR ON THE RESIDUAL VALUE OF THE LEASED VEHICLE.~~

~~(C) (1) AFTER ENTERING INTO A LEASE AGREEMENT, THE LESSOR IS ENTITLED TO A REFUND OF THE PORTION OF THE EXCISE TAX PAID BY THE LESSOR ON THE RESIDUAL VALUE OF THE LEASED VEHICLE.~~

~~(2) TO OBTAIN A REFUND UNDER THIS SUBSECTION, THE LESSOR SHALL APPLY TO THE ADMINISTRATION ON A FORM THE ADMINISTRATION REQUIRES.~~

(a) (3) (I) ["Total] SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, "TOTAL purchase price" means the price of a vehicle agreed on by the buyer and the seller, including any dealer processing charge, less an allowance for trade-in but with no allowance for other nonmonetary consideration.

(II) AS TO A PERSON TRADING IN A NONLEASED VEHICLE TO ENTER INTO A LEASE FOR A PERIOD OF MORE THAN 180 CONSECUTIVE DAYS, "TOTAL PURCHASE PRICE" MEANS THE RETAIL VALUE OF THE VEHICLE AS CERTIFIED BY THE DEALER, INCLUDING ANY DEALER PROCESSING CHARGE, LESS AN ALLOWANCE FOR THE TRADE-IN OF THE NONLEASED VEHICLE BUT WITH NO ALLOWANCE FOR OTHER NONMONETARY CONSIDERATION.

(F) THE ADMINISTRATION SHALL ADOPT REGULATIONS TO IMPLEMENT THE PROVISIONS OF THIS SECTION.

~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2008.~~

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply retroactively to affect the “total purchase price” resulting from a sale or lease transaction of a vehicle, as defined in § 13-809(a)(3)(ii) of the Transportation Article, for the purposes of computing the motor vehicle excise tax imposed on a vehicle that is leased under a lease agreement entered into on or after January 1, 2008.

SECTION 3. AND BE IT FURTHER ENACTED, That, for any individual or business entity that entered into a lease agreement for a vehicle for a period of more than 180 days on or after January 1, 2008, but before the effective date of this Act, the Motor Vehicle Administration, in consultation with the appropriate licensed dealer, shall notify the individual or business entity of any rebate owed to the individual or business entity as a result of this Act.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.

**Approved by the Governor, May 22, 2008.**