

SENATE BILL 809

M1, Q4

9lr2815
CF HB 270

By: **Senator Colburn**

Introduced and read first time: February 6, 2009

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: March 27, 2009

CHAPTER _____

1 AN ACT concerning

2 **State Boat Act – Excise Tax – Computation of Trade-In Value**

3 FOR the purpose of altering the definition of “fair market value” for purposes of the
4 imposition of the State excise tax on marine vessels; establishing certain
5 methods to determine the value of a trade-in vessel for purposes of determining
6 the fair market value of a marine vessel; and generally relating to the State
7 excise tax on marine vessels.

8 BY repealing and reenacting, without amendments,
9 Article – Natural Resources
10 Section 8–716(a)(1) and (6)
11 Annotated Code of Maryland
12 (2007 Replacement Volume and 2008 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Natural Resources
15 Section 8–716(a)(3) and (c)
16 Annotated Code of Maryland
17 (2007 Replacement Volume and 2008 Supplement)

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

20 **Article – Natural Resources**

21 8–716.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

2 (3) "Fair market value" means:

3 (i) As to the sale of any vessel by a licensed dealer or a dealer
4 licensed by another state or a foreign country, the total purchase price, as certified by
5 the dealer on a form acceptable to the Department, less the value of any vessel that is
6 traded in as part of the consideration for the sale[, which trade-in value may not
7 exceed the value for the trade-in vessel as shown in a national publication of used
8 vessel values adopted by the Department];

9 (ii) As to any other vessel that is sold by any person other than
10 a licensed dealer, the greater of:

11 1. The total purchase price; or

12 2. \$100; or

13 (iii) As to any other vessel that is sold by any person other than
14 a licensed dealer, either:

15 1. The total purchase price, if verified by means of a
16 certified bill of sale approved by the Department, in which the actual price paid for the
17 vessel is stated; or

18 2. The valuation shown in a national publication of used
19 vessel values adopted by the Department if a certified bill of sale does not accompany
20 the application.

21 (6) "Total purchase price" means the price of a vessel, including
22 simultaneously purchased motors, spars, sails, and accessories exclusive of trailer,
23 agreed on by the buyer and seller, with no deduction for trade-in or other
24 nonmonetary consideration.

25 (c) (1) Except as provided in § 8-715(d) of this subtitle and in subsections
26 (e) and (f) of this section, and in addition to the fees prescribed in subsection (b) of this
27 section, an excise tax is levied at the rate of 5% of the fair market value of the vessel
28 on:

29 (i) The issuance of every original certificate of title required for
30 a vessel under this subtitle;

31 (ii) The issuance of every subsequent certificate of title for the
32 sale, resale, or transfer of the vessel;

33 (iii) The sale within the State of every other vessel; and

1 (iv) The possession within the State of a vessel used or to be
2 used principally in the State.

3 (2) Notwithstanding the provisions of this subsection, no tax is paid on
4 issuance of any certificate of title if the owner of the vessel for which a certificate of
5 title is sought was the owner of the vessel prior to June 1, 1965, or paid Maryland
6 sales and use tax on the vessel as required by law at the time of acquisition. The
7 Department may require the applicant for titling to submit satisfactory proof that the
8 applicant owned the vessel prior to June 1, 1965.

9 (3) **THE VALUE OF A TRADE-IN VESSEL FOR THE PURPOSES OF**
10 **THIS SECTION:**

11 (I) **MAY BE THE ACTUAL AMOUNT OF THE TRADE-IN**
12 **ALLOWANCE, IF VERIFIED BY A NOTARIZED CLOSING STATEMENT THAT:**

13 1. **DESCRIBES THE TRADE-IN VESSEL, INCLUDING**
14 **THE MODEL YEAR, MAKE, AND LENGTH OF THE TRADE-IN VESSEL;**

15 2. **STATES THE CERTIFICATE OF BOAT NUMBER OF**
16 **THE TRADE-IN VESSEL;**

17 3. **STATES THE TRADE-IN ALLOWANCE GIVEN FOR**
18 **THE TRADE-IN VESSEL;**

19 4. **STATES ANY TRADE-IN ALLOWANCE FOR A**
20 **TRAILER SEPARATELY FROM THE TRADE-IN ALLOWANCE FOR THE TRADE-IN**
21 **VESSEL; AND**

22 5. **IS SIGNED AND DATED BY ALL PARTIES TO THE**
23 **SALE;**

24 (II) **MAY BE AN AMOUNT ESTABLISHED BY A SURVEY**
25 **PERFORMED BY A MARINE SURVEYOR FROM THE NATIONAL ASSOCIATION OF**
26 **MARINE SURVEYORS OR THE SOCIETY OF ACCREDITED MARINE SURVEYORS,**
27 **MULTIPLIED BY 0.80; OR**

28 (III) **IF A NOTARIZED CLOSING STATEMENT OR A SURVEY**
29 **DOES NOT ACCOMPANY THE APPLICATION, MAY NOT EXCEED THE VALUE FOR**
30 **THE TRADE-IN VESSEL AS SHOWN IN A NATIONAL PUBLICATION OF USED**
31 **VESSEL VALUES ADOPTED BY THE DEPARTMENT.**

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
33 June 1, 2009.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.