

HOUSE BILL 986

Q5

6lr3125

By: **Delegate Beidle**

Introduced and read first time: February 10, 2016

Assigned to: Environment and Transportation

Committee Report: Favorable

House action: Adopted

Read second time: March 14, 2016

CHAPTER _____

1 AN ACT concerning

2 **Vehicle Laws – Trade-In Allowance – Leased Vehicles**

3 FOR the purpose of altering the definition of “total purchase price” for the purposes of the
4 vehicle excise tax to exclude from the computation of the tax an allowance for the
5 trade-in of a leased vehicle under certain circumstances; and generally relating to
6 the motor vehicle excise tax.

7 BY repealing and reenacting, with amendments,

8 Article – Transportation

9 Section 13–809(a)

10 Annotated Code of Maryland

11 (2012 Replacement Volume and 2015 Supplement)

12 BY repealing and reenacting, without amendments,

13 Article – Transportation

14 Section 13–809(b) and (c)(1)

15 Annotated Code of Maryland

16 (2012 Replacement Volume and 2015 Supplement)

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

19 **Article – Transportation**

20 13–809.

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 (2) “Fair market value” means:

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

5 (ii) Except as provided in item (iv) of this paragraph, as to a used
6 vehicle that is sold by any person other than a licensed dealer and that has a designated
7 model year that is 7 years old or older, the greater of:

8 1. The total purchase price; or

9 2. \$640;

10 (iii) Except as provided in item (iv) of this paragraph, as to any other
11 used vehicle that is sold by any person other 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 used
14 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 use
17 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 (d)(2)
20 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 subsection
23 (d)(2) of this section fails to verify the total purchase price;

24 (iv) As to a used trailer, a motor scooter, a moped, or an off-highway
25 recreational vehicle that is sold by any person other than a licensed dealer, the greater of:

26 1. The total purchase price; or

27 2. \$320; and

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

30 (3) (i) Subject to [subparagraph (ii)] **SUBPARAGRAPHS (II) AND (III)**
31 of this paragraph, “total purchase price” means the price of a vehicle agreed on by the buyer

1 and the seller, including any dealer processing charge, less an allowance for trade-in but
2 with no allowance for other nonmonetary consideration.

3 (ii) As to a person trading in a nonleased vehicle to enter into a lease
4 for a period of more than 180 consecutive days, “total purchase price” means the retail value
5 of the vehicle as certified by the dealer, including any dealer processing charge, less an
6 allowance for the trade-in of the nonleased vehicle but with no allowance for other
7 nonmonetary consideration.

8 (iii) **AS TO A PERSON TRADING IN A LEASED VEHICLE TO ENTER**
9 **INTO ANOTHER LEASE FOR A PERIOD OF MORE THAN 180 CONSECUTIVE DAYS WITH**
10 **A DIFFERENT LEASING COMPANY OR TO PURCHASE A VEHICLE, “TOTAL PURCHASE**
11 **PRICE” MEANS THE RETAIL VALUE OF THE VEHICLE AS CERTIFIED BY THE DEALER,**
12 **INCLUDING ANY DEALER PROCESSING CHARGE, LESS AN ALLOWANCE FOR THE**
13 **TRADE-IN OF THE LEASED VEHICLE BUT WITH NO ALLOWANCE FOR OTHER**
14 **NONMONETARY CONSIDERATION.**

15 (4) “Trailer” has the meaning stated in § 11-169 of this article.

16 (b) (1) Except as otherwise provided in this part, in addition to any other
17 charge required by the Maryland Vehicle Law, an excise tax is imposed:

18 (i) For each original and each subsequent certificate of title issued
19 in this State for a motor vehicle, a trailer, a semitrailer, a moped, a motor scooter, or an
20 off-highway recreational vehicle for which sales and use tax is not collected at the time of
21 purchase; and

22 (ii) Except as provided in paragraph (2) of this subsection, for each
23 motor vehicle, trailer, or semitrailer that is in interstate operation and registered under §
24 13-109(c) or (d) of this title without a certificate of title.

25 (2) (i) An excise tax of \$50 is imposed for the registration of a trailer
26 exempt from the titling requirement under § 13-102(12) of this title.

27 (ii) In a case where the fair market value as defined in subsection
28 (a)(2)(iii)2A of this section applies, the excise tax imposed under this part may not be less
29 than \$32.

30 (3) A political subdivision of the State may not impose a sales tax, a use
31 tax, or excise tax on the issuance of a motor vehicle certificate of title.

32 (c) (1) Except as provided in subsection (b)(2) of this section, the tax imposed
33 by this section is 6 percent of the fair market value of the vehicle.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 October 1, 2016.