

# SENATE BILL 449

Q5, R2

7lr2685  
CF 7lr2603

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By: **Senator Kasemeyer**

Introduced and read first time: January 30, 2017

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Estates and Trusts – Vehicle Transfers – Excise Tax and Fee Exemption**

3 FOR the purpose of providing that the motor vehicle excise tax and certificate of title fee  
4 may not be imposed for the issuance of a certificate of title for certain vehicles  
5 transferred, under certain circumstances, to a trust or from a trust to certain  
6 beneficiaries; altering a certain definition; defining a certain term; and generally  
7 relating to an exemption from the motor vehicle excise tax and certificate of title fee.

8 BY repealing and reenacting, without amendments,

9 Article – Estates and Trusts

10 Section 14.5–103(a), (d), (t), and (v)

11 Annotated Code of Maryland

12 (2011 Replacement Volume and 2016 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – Estates and Trusts

15 Section 14.5–1001

16 Annotated Code of Maryland

17 (2011 Replacement Volume and 2016 Supplement)

18 BY adding to

19 Article – Transportation

20 Section 13–802(c) and 13–810(a)(26)

21 Annotated Code of Maryland

22 (2012 Replacement Volume and 2016 Supplement)

23 BY repealing and reenacting, with amendments,

24 Article – Transportation

25 Section 13–810(a)(24) and (25)

26 Annotated Code of Maryland

27 (2012 Replacement Volume and 2016 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Estates and Trusts**

4 14.5–103.

5 (a) In this title the following words have the meanings indicated.

6 (d) “Beneficiary” means a person that:

7 (1) Has a present or future beneficial interest in a trust, vested or  
8 contingent; or

9 (2) In a capacity other than that of a trustee, holds a power of appointment  
10 over trust property.

11 (t) (1) “Qualified beneficiary” means a beneficiary that on the date the  
12 qualification of the beneficiary is determined:

13 (i) Is a distributee or permissible distributee of trust income or  
14 principal;

15 (ii) Would be a distributee or permissible distributee of trust income  
16 or principal if the interests of the distributees described in item (i) of this paragraph  
17 terminated on that date without causing the trust to terminate; or

18 (iii) Would be a distributee or permissible distributee of trust income  
19 or principal if the trust terminated on that date and no power of appointment was exercised.

20 (2) “Qualified beneficiary” does not include an appointee under the will of  
21 a living person or the object of an unexercised inter vivos power of appointment.

22 (v) (1) “Settlor” means a person, including a testator, that creates or  
23 contributes property to a trust.

24 (2) “Settlor” includes a person that, with other settlors, creates or  
25 contributes property to a trust in which case each such person is a settlor of the portion of  
26 the trust property attributable to the contribution of that person except to the extent  
27 another person has the power to revoke or withdraw that portion.

28 14.5–1001.

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

1           (2)    “Consideration” does not include the amount of any obligation under a  
2 mortgage, [or] deed of trust, **OR OTHER WRITING** encumbering the transferred property.

3           (3)    “Trust” does not include:

4                   (i)    A real estate investment trust as defined in § 8–101 of the  
5 Corporations and Associations Article; or

6                   (ii)   A statutory trust as defined in § 12–101 of the Corporations and  
7 Associations Article.

8           (4)    **“VEHICLE” INCLUDES:**

9                   (i)    **A MOTOR VEHICLE, A TRAILER, A SEMITRAILER, A MOPED, A**  
10 **MOTOR SCOOTER, OR AN OFF–HIGHWAY RECREATIONAL VEHICLE FOR WHICH SALES**  
11 **AND USE TAX IS NOT COLLECTED AT THE TIME OF PURCHASE; OR**

12                   (ii)   **A MOTOR VEHICLE, TRAILER, OR SEMITRAILER THAT IS IN**  
13 **INTERSTATE OPERATION AND REGISTERED UNDER § 13–109(C) OR (D) OF THE**  
14 **TRANSPORTATION ARTICLE WITHOUT A CERTIFICATE OF TITLE.**

15           (b)    A recordation tax, transfer tax, or any other State or local excise tax may not  
16 be imposed on the transfer of real property or an interest in real property without  
17 consideration or on the recordation of an instrument that transfers real property or an  
18 interest in real property without consideration if:

19                   (1)    The transfer is to a trust; or

20                   (2)    The transfer is from a trust to one or more beneficiaries and:

21                           (i)    The transfer is made to a person that would be exempt from tax  
22 under Title 12 or Title 13 of the Tax – Property Article if the transfer had been made to  
23 that person directly by the grantor; or

24                           (ii)   The transfer is made during the life of the grantor of the trust  
25 and the trustee of the trust originally acquired the real property for adequate consideration.

26           (c)    **AN EXCISE TAX OR A CERTIFICATE OF TITLE FEE IMPOSED UNDER TITLE**  
27 **13, SUBTITLE 8 OF THE TRANSPORTATION ARTICLE MAY NOT BE IMPOSED ON THE**  
28 **ISSUANCE OF AN ORIGINAL OR SUBSEQUENT CERTIFICATE OF TITLE ISSUED FOR A**  
29 **VEHICLE THAT IS TRANSFERRED WITHOUT CONSIDERATION IF:**

30                   (1)    **THE TRANSFER IS TO A TRUST AND THE TRANSFER WOULD BE**  
31 **EXEMPT FROM THE EXCISE TAX UNDER § 13–810 OF THE TRANSPORTATION**

1 **ARTICLE IF THE TRANSFEROR TRANSFERRED THE VEHICLE DIRECTLY TO ONE OR**  
 2 **MORE OF THE BENEFICIARIES; OR**

3 **(2) THE TRANSFER IS FROM A TRUST TO ONE OR MORE**  
 4 **BENEFICIARIES OF THE TRUST AND:**

5 **(I) THE TRANSFER IS MADE TO A PERSON THAT WOULD BE**  
 6 **EXEMPT FROM THE EXCISE TAX UNDER § 13-810 OF THE TRANSPORTATION**  
 7 **ARTICLE IF THE TRANSFER HAD BEEN MADE TO THAT PERSON DIRECTLY BY THE**  
 8 **TRANSFEROR OF THE VEHICLE TO THE TRUST; OR**

9 **(II) THE TRANSFER IS MADE DURING THE LIFE OF THE SETTLOR**  
 10 **OF THE TRUST AND THE TRUSTEE OF THE TRUST ORIGINALLY ACQUIRED THE**  
 11 **VEHICLE FOR ADEQUATE CONSIDERATION.**

12 **Article – Transportation**

13 13-802.

14 **(C) THE ADMINISTRATION MAY NOT CHARGE A FEE FOR A CERTIFICATE OF**  
 15 **TITLE ISSUED FOR A VEHICLE THAT IS TRANSFERRED TO A TRUST OR FROM A TRUST**  
 16 **TO ONE OR MORE BENEFICIARIES IN ACCORDANCE WITH § 14.5-1001 OF THE**  
 17 **ESTATES AND TRUSTS ARTICLE.**

18 13-810.

19 (a) On issuance in this State of an original or subsequent certificate of title for a  
 20 vehicle, the vehicle is exempt from the excise tax imposed by this part, if it is:

21 (24) A vehicle acquired by a religious, charitable, or volunteer organization  
 22 exempt from taxation under § 501(c) of the Internal Revenue Code, the Department of  
 23 Human Resources, or a local department of social services for the purpose of transferring  
 24 the vehicle to a Family Investment Program recipient or an individual certified by the  
 25 Department of Human Resources or a local department of social services as eligible for the  
 26 transfer; [or]

27 (25) A rental vehicle; OR

28 **(26) A VEHICLE THAT IS TRANSFERRED TO A TRUST OR FROM A TRUST**  
 29 **TO ONE OR MORE BENEFICIARIES IN ACCORDANCE WITH § 14.5-1001 OF THE**  
 30 **ESTATES AND TRUSTS ARTICLE.**

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
 32 1, 2017.