

HOUSE BILL 1246

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By: **Delegate Attar**

Introduced and read first time: February 8, 2021

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Excise Tax – Leased Vehicles – Alteration**

3 FOR the purpose of altering the calculation of the vehicle excise tax imposed for the
4 issuance of a certificate of title for certain leased vehicles to be a certain percentage
5 of the capitalized cost reduction and each monthly lease payment; repealing certain
6 provisions of law that define the “total purchase price” used to calculate the vehicle
7 excise tax for certain leased vehicles to mean a certain retail value of the vehicle less
8 an allowance for the trade-in of a vehicle; defining a certain term; making a stylistic
9 change; and generally relating to the vehicle excise tax imposed on leased vehicles.

10 BY repealing and reenacting, with amendments,
11 Article – Transportation
12 Section 13–809
13 Annotated Code of Maryland
14 (2020 Replacement Volume)

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

17 **Article – Transportation**

18 13–809.

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

20 (2) “Fair market value” means:

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

23 (ii) Except as provided in item (iv) of this paragraph, as to a used

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 vehicle that is sold by any person other than a licensed dealer and that has a designated
2 model year that is 7 years old or older, the greater of:

3 1. The total purchase price; or

4 2. \$640;

5 (iii) Except as provided in item (iv) of this paragraph, as to any other
6 used vehicle that is sold by any person other than a licensed dealer:

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

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

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

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

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

21 1. The total purchase price; or

22 2. \$320; and

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

25 (3) [(i) Subject to subparagraphs (ii) and (iii) of this paragraph, “total]
26 **“TOTAL** purchase price” means the price of a vehicle agreed on by the buyer and the seller,
27 including any dealer processing charge, less an allowance for trade-in but with no
28 allowance for other nonmonetary consideration.

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

1 (iii) As to a person trading in a leased vehicle to enter into another
2 lease for a period of more than 180 consecutive days with a different leasing company or to
3 purchase a vehicle, “total purchase price” means the retail value of the vehicle as certified
4 by the dealer, including any dealer processing charge, less an allowance for the trade-in of
5 the leased vehicle but with no allowance for other nonmonetary consideration.]

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

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

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

13 (ii) Except as provided in paragraph (2) of this subsection, for each
14 motor vehicle, trailer, or semitrailer that is in interstate operation and registered under §
15 13–109(c) or (d) of this title without a certificate of title.

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

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

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

23 (c) (1) Except as provided in subsection (b)(2) of this section **AND PARAGRAPH**
24 **(2) OF THIS SUBSECTION**, the tax imposed by this section is [6 percent] **6%** of the fair
25 market value of the vehicle.

26 **(2) (I) 1. IN THIS PARAGRAPH, “CAPITALIZED COST**
27 **REDUCTION” MEANS ANY MONETARY PAYMENT MADE BY A LESSEE OF A VEHICLE AT**
28 **THE TIME OF ENTERING INTO THE VEHICLE LEASE THAT LOWERS THE MONTHLY**
29 **PAYMENTS ON THE LEASE.**

30 **2. “CAPITALIZED COST REDUCTION” DOES NOT**
31 **INCLUDE THE VALUE OF ANY TRADE-IN VEHICLE.**

32 **(II) FOR A VEHICLE THAT IS LEASED FOR A PERIOD OF MORE**
33 **THAN 180 CONSECUTIVE DAYS, THE TAX IMPOSED BY THIS SECTION IS 6% OF:**

34 **1. THE CAPITALIZED COST REDUCTION; AND**

1 (ii) The purchase price and other information relating to the
2 determination of the fair market value of the vehicle which may include, but is not limited
3 to:

- 4 1. Canceled checks;
- 5 2. Money order receipts;
- 6 3. Loan documents; or
- 7 4. A written description of the vehicle's condition; and

8 (2) If the excise tax is based on the total purchase price of the vehicle as
9 provided in subsection (a)(2)(iii)2A of this section, a notarized bill of sale that:

10 (i) Is designed by, and obtained from, the Administration;

11 (ii) Is signed by the buyer and the seller; and

12 (iii) Includes a statement explaining why the vehicle was sold at the
13 price stated in the bill of sale.

14 (e) Any person who fails to pay the excise tax as required in this section is guilty
15 of a misdemeanor and on conviction is subject to a fine not exceeding \$1,000.

16 (f) The Administration shall adopt regulations to implement the provisions of
17 this section.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
19 1, 2021.