

HOUSE BILL 294

N2, M1

4lr1408

By: **Delegates Arentz, Ghrist, and Jacobs**

Introduced and read first time: January 12, 2024

Assigned to: Environment and Transportation and Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Estates and Trusts – Vessel Transfers – Excise Tax and Title Fee Exemption**

3 FOR the purpose of prohibiting the imposition of an excise tax or certificate of title fee for
4 the transfer of certain vessels to a trust or from a trust to certain beneficiaries under
5 certain circumstances; and generally relating to an exemption from the vessel excise
6 tax and certificate of title fee for vessels.

7 BY repealing and reenacting, with amendments,
8 Article – Estates and Trusts
9 Section 14.5–1001
10 Annotated Code of Maryland
11 (2022 Replacement Volume and 2023 Supplement)

12 BY repealing and reenacting, without amendments,
13 Article – Natural Resources
14 Section 8–716(a)(1) and (7) and (c)
15 Annotated Code of Maryland
16 (2023 Replacement Volume and 2023 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Natural Resources
19 Section 8–716(b) and (e)(12) and (13)
20 Annotated Code of Maryland
21 (2023 Replacement Volume and 2023 Supplement)

22 BY adding to
23 Article – Natural Resources
24 Section 8–716(e)(14)
25 Annotated Code of Maryland
26 (2023 Replacement Volume and 2023 Supplement)

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 14.5–1001.

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

6 (2) “Consideration” does not include the amount of any obligation under a
7 mortgage, deed of trust, or other writing encumbering the transferred property.

8 (3) “Trust” does not include:

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

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

13 (4) “Vehicle” includes:

14 (i) A motor vehicle, a trailer, a semitrailer, a moped, a motor scooter,
15 or an off-highway recreational vehicle for which sales and use tax is not collected at the
16 time of purchase; or

17 (ii) A motor vehicle, trailer, or semitrailer that is in interstate
18 operation and registered under § 13–109(c) or (d) of the Transportation Article without a
19 certificate of title.

20 **(5) “VESSEL” HAS THE MEANING STATED IN § 8–716 OF THE NATURAL**
21 **RESOURCES ARTICLE.**

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

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

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

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

1 (ii) The transfer is made during the life of the grantor of the trust
2 and the trustee of the trust originally acquired the real property for adequate consideration;
3 or

4 (iii) The transfer is made to a beneficiary of a revocable trust as a
5 result of the death of the settlor of the trust.

6 (c) An excise tax or a certificate of title fee imposed under Title 13, Subtitle 8 of
7 the Transportation Article may not be imposed on the issuance of an original or subsequent
8 certificate of title issued for a vehicle that is transferred without consideration if:

9 (1) The transfer is to a trust and the transfer would be exempt from the
10 excise tax under § 13–810 of the Transportation Article if the transferor transferred the
11 vehicle directly to one or more of the beneficiaries; or

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

13 (i) The transfer is made to a person that would be exempt from the
14 excise tax under § 13–810 of the Transportation Article if the transfer had been made to
15 that person directly by the transferor of the vehicle to the trust;

16 (ii) The transfer is made during the life of the settlor of the trust and
17 the trustee of the trust originally acquired the vehicle for adequate consideration; or

18 (iii) The transfer is made to a beneficiary of a revocable trust as a
19 result of the death of the settlor of the trust.

20 **(D) AN EXCISE TAX OR A CERTIFICATE OF TITLE FEE IMPOSED UNDER §**
21 **8–716 OF THE NATURAL RESOURCES ARTICLE MAY NOT BE IMPOSED ON THE**
22 **ISSUANCE OF AN ORIGINAL OR SUBSEQUENT CERTIFICATE OF TITLE ISSUED FOR A**
23 **VESSEL THAT IS TRANSFERRED WITHOUT CONSIDERATION IF:**

24 **(1) THE TRANSFER IS TO A TRUST AND THE TRANSFER WOULD BE**
25 **EXEMPT FROM THE EXCISE TAX UNDER § 8–716(E) OF THE NATURAL RESOURCES**
26 **ARTICLE IF THE TRANSFEROR TRANSFERRED THE VESSEL DIRECTLY TO ONE OR**
27 **MORE OF THE BENEFICIARIES; OR**

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

30 **(I) THE TRANSFER IS MADE DURING THE LIFE OF THE SETTLOR**
31 **OF THE TRUST AND THE TRUSTEE OF THE TRUST ORIGINALLY ACQUIRED THE**
32 **VESSEL FOR ADEQUATE CONSIDERATION; OR**

1 **(II) THE TRANSFER IS MADE TO A BENEFICIARY OF A**
2 **REVOCABLE TRUST AS A RESULT OF THE DEATH OF THE SETTLOR OF THE TRUST.**

3 **Article – Natural Resources**

4 8–716.

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

6 (7) (i) “Vessel” has the meaning indicated in § 8–701(s) of this subtitle.

7 (ii) “Vessel” does not include a ship’s lifeboat, a vessel propelled only
8 by sail, or vessel manually propelled.

9 (b) **(1) [The] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
10 **SUBSECTION, THE** Department shall charge a \$2 fee to issue a certificate of title, a transfer
11 of title, or a duplicate or corrected certificate of title.

12 **(2) THE DEPARTMENT MAY NOT CHARGE A FEE TO ISSUE A**
13 **CERTIFICATE OF TITLE OR A TRANSFER OF TITLE FOR A VESSEL THAT IS**
14 **TRANSFERRED TO A TRUST OR FROM A TRUST TO ONE OR MORE BENEFICIARIES IN**
15 **ACCORDANCE WITH § 14.5–1001 OF THE ESTATES AND TRUSTS ARTICLE.**

16 (c) (1) Subject to the limitation under paragraph (3) of this subsection and
17 except as provided in § 8–715(d) of this subtitle and in subsections (e) and (f) of this section,
18 and in addition to the fees prescribed in subsection (b) of this section, an excise tax is levied
19 at the rate of 5% of the fair market value of the vessel on:

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

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

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

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

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

1 (3) (i) Subject to subparagraph (ii) of this paragraph, the excise tax
2 imposed under this subsection may not exceed \$15,000 for any vessel.

3 (ii) The maximum amount of the excise tax imposed for any vessel
4 as specified in subparagraph (i) of this paragraph shall be increased by \$100 on:

5 1. July 1, 2016; and

6 2. July 1 of each subsequent year.

7 (e) A person is not required to pay the tax provided for in subsection (c) of this
8 section resulting from:

9 (12) The possession within the State of a vessel for a period of not more than
10 one year if the current owner is a member of the armed services and is serving on active
11 duty in this State; [or]

12 (13) The sale of a vessel within the State if:

13 (i) The vessel is purchased from a licensed dealer;

14 (ii) The issuance of a title is not sought or required;

15 (iii) The vessel is not used or to be used principally on the waters of
16 this State;

17 (iv) The vessel is duly registered in another jurisdiction within 30
18 days of the date of purchase; and

19 (v) The dealer and the purchaser execute an agreement certifying
20 the state of principal use for the vessel which is filed with the Department within 30 days
21 of the date of purchase; **OR**

22 **(14) A TRANSFER OF A VESSEL TO A TRUST OR FROM A TRUST TO ONE**
23 **OR MORE BENEFICIARIES IN ACCORDANCE WITH § 14.5–1001 OF THE ESTATES AND**
24 **TRUSTS ARTICLE.**

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2024.