

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 174
(Delegate Cardin)
Environment and Transportation

Motor Vehicles and Marine Vessels - Transfer-on-Death Designations

This bill authorizes (1) an individual who is the sole owner of a vessel, or multiple individuals who are specified co-owners of a vessel, to designate a beneficiary to take ownership of the vessel on the death of the sole owner, or the last surviving co-owner, outside of estate administration and (2) multiple individuals who are specified co-owners of a motor vehicle to designate a beneficiary to take ownership of the motor vehicle on the death of the last surviving co-owner, outside of estate administration (adding to existing law that already allows an individual who is a sole owner of a motor vehicle to designate a beneficiary).

Fiscal Summary

State Effect: Special fund revenues for the Department of Natural Resources (DNR) may increase, beginning in FY 2027, potentially significantly, as discussed below (under one scenario, DNR special fund revenues increase by \$269,540 in FY 2027). Transportation Trust Fund (TTF) revenues may increase, potentially significantly, as discussed below (under one scenario, TTF revenues increase by \$1.0 million in FY 2027). General fund revenues may decrease each year, potentially only minimally, beginning in FY 2027, as discussed below. Expenditures are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary:

Vessels – Transfer-on-death Beneficiary Designation by a Sole Owner or Co-owners

An individual who is the sole owner of a vessel, or multiple individuals who co-own a vessel in a manner in which the surviving owner or owners automatically acquire ownership of a deceased owner's share (ownership as "joint tenants with right of survivorship or tenants by the entirety") may apply to DNR to designate a beneficiary to take ownership of the vessel on the death of the sole owner or the last surviving co-owner. The designation of a beneficiary may be shown by the words "transfer-on-death" (TOD) after the name of the registered owner(s) on a certificate of title. DNR is authorized to charge a fee, not to exceed its costs, for issuing the certificate of title. Designation of a beneficiary does not affect the ownership of the vessel until the sole owner or last surviving co-owner dies.

The designation of a beneficiary may be revoked or changed at any time before the death of the sole owner or the last surviving co-owner without the consent of the beneficiary by applying to DNR. The designation of a beneficiary is not required to be supported by consideration, and the certificate of title of the vessel for which the designation is made is not required to be delivered to the beneficiary in order for the designation to be effective.

On the death of the sole owner or the last surviving co-owner, ownership of the vessel passes to the beneficiary if the beneficiary survives the sole owner or last surviving co-owner. If a designated beneficiary does not survive the sole owner or the last surviving co-owner, the vessel is part of the estate of the deceased sole owner or last surviving co-owner.

A surviving designated beneficiary must apply to DNR for a new certificate of title for the vessel. The application must include (1) the original certificate of title designating the beneficiary; (2) a death certificate for the deceased sole owner or each deceased co-owner; (3) proof of the identity of the beneficiary; and (4) any applicable taxes or fees. The bill does not limit the rights of creditors of vessel owners against beneficiaries and other transferees under Maryland law.

DNR is authorized to adopt regulations to carry out these provisions.

Motor Vehicles – Transfer-on-death Beneficiary Designation by Co-owners

The bill adds to existing motor vehicle law that allows an individual who is the sole owner of a motor vehicle to designate a TOD beneficiary, by allowing multiple individuals who

co-own a motor vehicle as joint tenants with right of survivorship or tenants by the entirety to apply to the Motor Vehicle Administration (MVA) to designate a TOD beneficiary to take ownership of the motor vehicle on the death of the last surviving co-owner.

The provisions of the bill allowing co-owners of a motor vehicle to designate a TOD beneficiary are substantively identical to the bill's provisions governing designation of a TOD beneficiary for a vessel (described above) and current law governing a sole owner's designation of a TOD beneficiary for a motor vehicle.

Current Law:

Motor Vehicles – Transfer-on-death Beneficiary Designation by a Sole Owner

Under current law, an individual who is the sole owner of a motor vehicle may apply to MVA to designate a beneficiary to take ownership of the motor vehicle on the death of the owner outside of estate administration. The provisions of the bill (applicable to sole owners and co-owners of vessels and co-owners of motor vehicles – see Bill Summary) are substantively identical to the provisions in § 13-115 of the Transportation Article that allow an individual who is the sole owner of a motor vehicle to designate a TOD beneficiary.

Certificate of Title – Fees

DNR charges a \$20 fee to issue a certificate of title, a transfer of title, or a duplicate or corrected certificate of title.

MVA charges a \$40 fee to issue a duplicate certificate of title.

Property of a Deceased Person

Under the Estates and Trusts Article, all property of a decedent (deceased person) is subject to the estates of decedents law, and upon the person's death must pass directly to the personal representative (a fiduciary who settles and distributes the estate of the decedent in accordance with the terms of any will and the estates of decedents law) for administration and distribution. "Property" is all real and personal property of the decedent and any right or interest in the property, which does not pass, at the time of the decedent's death, to another person by the terms of the instrument under which it is held, or by operation of law.

State Revenues:

State Boat Act Fund

Special fund (State Boat Act Fund) revenues increase, beginning in fiscal 2027, to the extent that owners of vessels apply for a new certificate of title in order to designate a TOD beneficiary under the bill. DNR indicates that there are currently approximately 132,770 vessels with sole ownership, and at least 2,000 vessels with co-owners who could designate a beneficiary under the bill. DNR indicates that owners who apply for a new certificate of title in order to designate a TOD beneficiary will go through the current replacement or corrected title application process and be charged the applicable \$20 fee. The number of such owners that will apply for a new certificate of title in order to add a TOD beneficiary designation cannot be reliably estimated; however, *for illustrative purposes only*, if 10% of the owners of 132,770 vessels with sole ownership and 2,000 vessels with co-ownership, apply for a new certificate of title in fiscal 2027, special fund revenues increase by \$269,540 as result of the bill in fiscal 2027.

DNR advises that adding a TOD beneficiary designation as part of an application for issuance of a certificate of title for other reasons (after a purchase, for example) will not add any cost to the \$20 fee charged for the title.

Transportation Trust Fund

TTF revenues increase, beginning in fiscal 2027, to the extent that co-owners of motor vehicles apply for a new certificate of title in order to designate a TOD beneficiary under the bill. The Maryland Department of Transportation (MDOT) indicates that, in fiscal 2025, there were approximately 500,000 vehicles with co-owners on file with MVA. It appears likely that MDOT will charge co-owners who apply for a new certificate of title in order to designate a TOD beneficiary either a \$20 or \$40 fee. The number of co-owners that will apply for a new certificate of title in order to add a TOD beneficiary designation cannot be reliably estimated; however, *for illustrative purposes only*, if it is assumed the fee is \$40 and the co-owners of as many as 5% of 500,000 co-owned motor vehicles apply for a new certificate of title in fiscal 2027, TTF revenues increase by \$1.0 million as a result of the bill in fiscal 2027.

This analysis assumes that adding a TOD beneficiary designation as part of an application for issuance of a certificate of title for other reasons (after a purchase, for example) will not add any cost to the fee otherwise charged by MVA for the title.

General Fund

General fund revenues may decrease beginning in fiscal 2027 due to reduced probate fee and inheritance tax revenues collected by the registers of wills, which oversee administration of decedents' estates. Vessels and motor vehicles transferred under the bill's TOD provisions are transferred outside of the probate estate, removing property from the probate estate, and probate fees are collected by the registers of wills based on the value of the probate estate. The transfers are still subject to inheritance tax if the beneficiary is a taxable individual, but if the decedent has no other probate assets, the transfer may not be reported, and the tax may not be collected. The extent of any decrease in general fund revenues cannot be reliably estimated but may only be minimal, in part because the transfer of a vessel or motor vehicle upon the death of the owner or last surviving co-owner may, in many cases, be to a person exempt from the inheritance tax (e.g., spouse, child, other lineal descendant, or other specified family members – see § 7-203 of the Tax-General Article).

Registers of wills' salaries and office expenses are paid from fees and inheritance tax revenues collected by the registers, with the remainder of the revenues deposited in the State general fund.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years; however, legislation with similar provisions has been proposed. For example, see HB 1011 of 2024.

Designated Cross File: SB 145 (Senator West) - Judicial Proceedings.

Information Source(s): Judiciary (Administrative Office of the Courts); Orphans' Court of Baltimore County; Register of Wills; Department of Natural Resources; Maryland Department of Transportation; Department of Legislative Services

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