

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 125

(Chair, Judicial Proceedings Committee)(By Request -
Departmental - Transportation)

Judicial Proceedings

Environment and Transportation

**Vehicle Laws - Transfer of Used Vehicles - Repeal of Notarized Bill of Sale
Requirement**

This departmental bill repeals the requirement that a notarized bill of sale be submitted to the Motor Vehicle Administration (MVA), which applies when a person transfers ownership of certain used vehicles.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations.

Local Effect: The bill does not directly affect local government finances or operations.

Small Business Effect: The Maryland Department of Transportation (MDOT) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: Subject to specified exemptions, the vehicle excise tax is imposed for each original and subsequent certificate of title issued in the State for a motor vehicle, a trailer, a semitrailer, a moped, a motor scooter, or an off-highway recreational vehicle (OHRV) and for specified vehicles in interstate operation that are registered without a certificate of title. The tax is applied to the fair market value of the vehicle, which is defined as:

- for the sale of a new or used vehicle by a licensed dealer, the total purchase price, as certified by the dealer;

- for a used vehicle that is sold by a person other than a licensed dealer and that has a designated model year that is seven years old or older, the greater of the total purchase price or \$640;
- for any other used vehicle sold by a person other than a licensed dealer, generally the total purchase price; however, if the total purchase price is more than \$500 below the retail value of the vehicle (as shown in a national publication of used car values adopted for use by MDOT) and is not verified to the satisfaction of MVA through a notarized bill of sale, the valuation shown in the national publication of used car values;
- for a used trailer, a motor scooter, a moped, or an OHRV that is sold by a person other than a licensed dealer, the greater of the total purchase price or \$320; and
- in any other case, the valuation shown in a national publication of used car values adopted for use by MDOT.

If applicable, the notarized bill of sale document (provided by MVA) must be signed by the buyer and the seller and include a statement explaining why the vehicle was sold at the price stated in the bill of sale.

Background: MVA advises that it is developing an electronic titling process that requires the elimination of all paper forms, including the notarized bill of sale form. The purpose of the notarized bill of sale is for both parties to attest the purchase price of certain vehicles to ensure the appropriate excise tax is assessed. However, MVA is able to independently validate the value of a vehicle and confirm the correct excise tax is paid. As a result, the need for a notarized bill of sale in these private transactions is no longer needed. MVA advises that removing the notarized bill of sale requirement will simplify the transfer process. Over the past three fiscal years, the number of private sales requiring a notarized bill of sale averaged just under 10,500 per year.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 251 (Chair, Environment and Transportation Committee)(By Request - Departmental - Transportation) - Environment and Transportation.

Information Source(s): Comptroller's Office; Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History: First Reader - January 19, 2026
jg/rld Third Reader - February 20, 2026

Analysis by: Eric F. Pierce

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: **Vehicle Laws - Transfer of Used Vehicles - Repeal of Notarized Bill of Sale Requirement**

BILL NUMBER: SB125

PREPARED BY: Kevin Knight

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

To the extent any small business owns or leases a vehicle and opts for e-titles, they will have reduced paperwork management required and a more streamlined titling process for buying or selling vehicle assets owned by the small business.