



Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Jeannie Haddaway-Riccio, Secretary
Allan Fisher, Deputy Secretary

Bill Number: HB 954

Short Title: Certificate of Title - Transfer on Death Beneficiary

Department's Position: Letter of Information

Explanation of Department's Position

The Maryland Department of Natural Resources (DNR) provides the following information on HB 954. This bill will allow a sole owner of a vessel to designate a beneficiary to take ownership of the vessel upon death of the owner.

If this bill passes into law, DNR would be required to modify our Licensing and Registration system to allow for this new process. In addition, our Licensing and Registration Service unit would need to adopt new procedures and creation and procure forms to collect the required beneficiary information. DNR is working with the Maryland Department of Information Technology on a multi-phase major IT development project that includes replacing our current Licensing and Registration system in the final phase.

DNR currently exempts the collection of Excise Tax under certain circumstances. This includes the transfer of a vessel between immediate family members. As written, HB 954 adds a beneficiary transfer to the list of transfers that are tax exempt. Initiating this process as a tax exempt transfer, could have a significant impact on the amount of revenue collected by the Department. Taxes and fees paid by vessel owners are deposited into the Waterway Improvement Fund. These funds are dedicated to improving Maryland's waterways through dredging, the placement of navigational aids, the construction of boating access facilities, boater safety education and law enforcement.

The Motor Vehicle Administration has a similar process for vehicle ownership transfers. The Transfer-on-Death transfer by itself does not qualify as tax exempt. Those transfers must still qualify under the MVA guidelines for immediate family members or gift transfers. If the DNR process for these transfers is made to be tax exempt, the same may be requested in the future for the MVA, and could have a significant impact to their Administration.

For any additional information, please feel free to contact our Legislative and Constituent Services Director, Bunky Luffman.

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