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MINORITY LEADER

Ways and Means Committee

Subcommittees
Racing and Gaming
Revenues

Chair
Allegany County House Delegation



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**Testimony in Favor of HB 497
Vehicle - Excise Tax - Exemption - Active Duty Military**

Chairwoman Atterbeary, and members of the Ways & Means Committee,

I respectfully request a favorable report of House Bill 497. This simple bill will ensure that active duty service members stationed in Maryland and those returning from the State after their service do not have to pay the vehicle excise tax when registering their vehicle in Maryland after it was previously registered in another State.

Current law in Maryland requires that - if a vehicle is being registered in Maryland after previous registration in another State with a lower sales tax - then the difference in the sales tax must be paid in Maryland (i.e. if a car was registered in a State with a 3% excise tax and then they want to register in Maryland with a 6% then they have to pay 3%)¹.

There are current exemptions for this requirement, including if you have not been a Maryland resident for more than 60 days. There are also specific exemptions for active-duty service members if you have not been a Maryland resident for more than 1 year or if you return to Maryland from active duty no more than 1 year after returning. This legislation will remove that 1 year time frame.

This legislation comes at the request of a constituent who had been stationed at the United States Naval Academy and wanted to register his car in Maryland, but did not qualify under the current 1 year exemption for those on active duty.

Lastly, there may be two potential amendments to the bill to adjust the definition of military as well as an amendment from the MVA to ensure the language matches the intent of the bill. We will get this information to the Committee as soon as possible.

This simple legislation, if passed, has the potential to provide meaningful tax relief to active duty military families. Once again, I respectfully request a favorable report of House Bill 497.
