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To: Members of Senate Education, Energy and the Environment Committee

From: MSBA Estate & Trust Law Section

Date: January 27, 2026

Subject: **SB0214** – Natural Resources – Vessel Transfers – Transfer-on-Death Designations

Position: Unfavorable

The Estate & Trust Law Section of the Maryland State Bar Association (MSBA) **opposes Senate Bill 0214 – Natural Resources - Vessel Transfers - Transfer-on-Death Beneficiary Designation.** Senate Bill 0214 does create an accessible non-probate solution for sole owner Marylanders to pass marine vessels to whom they choose, but ultimately is not as comprehensive as SB0145 - Motor Vehicles and Marine Vessels – Transfer-on-Death Designations.

Problem with Current Law

Maryland law currently provides no option for an owner of a marine vessel to designate a transfer-on-death (TOD) beneficiary through the Department of Natural Resources (“DNR”) on the certificate of title for a marine vessel.

The complete absence in Maryland of a TOD beneficiary option for marine vessels titled through the DNR forces marine vessel owners who want to pass a marine vessel via non-testamentary/non-probate means to either: 1) create a trust and title the marine vessel to the trust, which can be impractical; or 2) add a co-owner to the certificate of title, which disregards the adverse ramifications that can come with co-owning an asset, such as if the marine vessel is sold while all co-owners are alive. The sale proceeds are then shared by all owners, even though the originating owner only intended to give the right to benefit when the originating owner died.

How SB0214 Partially Solves the Problem

SB0214 partially solves this problem by enabling TOD designations for marine vessels, but only for sole owners, via a DNR certificate of title. As a result, non-testamentary/non-probate means

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will be available for marine vessels the same as already is available for motor vehicles (i.e., a sole owner of a motor vehicle already can designate a TOD beneficiary; see MD *Transportation Code* § 13-115). This cost-effective and expedient tool can be invaluable for sole owners of marine vessel who desire to pass on a marine vessel at death but leaves co-owners adrift.

How the Problem Can Be Comprehensively Solved with SB0145

SB0214 does not address allowing co-owners of marine vessels to add TOD designations via a DNR certificate of title. As a result, SB0214, as currently drafted, does not provide any option for co-owners (joint tenants with rights of survivorship or tenants by the entirety) to designate a TOD beneficiary (such as a child of the co-owners) in the DNR's system on the certificate of title for the marine vessel. As a result, many owners of marine vessels never have the opportunity to utilize the TOD beneficiary option to pass on their marine vessel via non-testamentary/non-probate means. Otherwise, to pass a marine vessel via non-testamentary/non-probate means, a certificate of title would need to be issued to the trustee of a trust, but for many people it is impractical: 1) to make a trust or have the DNR issue a certificate of title to the trustee of a trust); or 2) the surviving co-owner later to make a TOD beneficiary designation. Another aspect of this problem is when the co-owners pass away at the same time; at that point, the opportunity designate a TOD beneficiary is not available.

The Estate & Trust Law Section of the Maryland State Bar Association has proposed legislation (SB0145; currently before the Senate Judicial Proceedings Committee) that encompasses the sole owner issue that SB0214 addresses, however SB0145 is more comprehensive because it enables co-owners to designate a TOD beneficiary. The Estate & Trust Law Section reached out to the Government Affairs offices at DNR and the Maryland Department of Transportation when drafting SB0145 and both offices are aware of the bill and the language contained in the bill. As a result, if SB0214 is to proceed, it is urged that SB0214 be amended to enable also co-owners of a marine vessel to designate a TOD beneficiary.

SB0145 more broadly benefits Marylanders because it also provides for co-owners of a motor vehicle to designate a TOD beneficiary in the Maryland Motor Vehicle Administration's system.

For the reasons stated above, the Estate & Trust Law Section of the MSBA **opposes SB0214 and respectfully urges an unfavorable committee report.** Alternatively, we request that SB0145 be amended to enable co-owners of a marine vessel to designate a TOD beneficiary to align with the proposed changes contained in SB0145.

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