

SB0214_DNR_SUP_EEE_1-27-26.pdf

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Wes Moore, Governor
Aruna Miller, Lt. Governor
Josh Kurtz, Secretary
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January 27, 2026

BILL NUMBER: SENATE BILL 214

SHORT TITLE: NATURAL RESOURCES-VESSEL TRANSFERS-TRANSFER-ON-DEATH BENEFICIARY

DEPARTMENT'S POSITION: SUPPORT

EXPLANATION OF DEPARTMENT'S POSITION

This legislation will allow for more enhanced customer service by giving sole vessel owners the ability to designate a beneficiary on their vessel title.

The Motor Vehicle Administration's ("MVA") system allows an individual to designate a transfer-on-death ("TOD") beneficiary on the certificate of title for the motor vehicle. This allows for a streamlined title transfer process in the case of that individual's death.

DNR does not have the authority to incorporate TODs into the initial registration process for vessels. Therefore, an individual looking to transfer a title after the passing of their loved one must obtain additional paperwork from their local Register of Wills office to complete the transfer. This often results in back-and-forth with the individual as they navigate this process, and can be confusing as it differs from the process associated with vehicles. By granting this same authority to the Department of Natural Resources for vessel titles, it aligns with MDOT's policies and makes it easier for individuals to transfer ownership of a vessel.

BACKGROUND INFORMATION

Under current law, upon the death of a vessel owner, the ownership of the vessel reverts to the estate of the decedent. In order to transfer a vessel title, the Executor of the Estate is required to obtain a Letter of Administration from the Register of Wills. The department would then need to see the original version of that letter, in addition to the Certificate of Title for the vessel in order to complete the transfer.

The Department of Natural Resources (DNR) does not have the authority under current law to offer the option to name a beneficiary on a vessel's certificate of title.

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BILL EXPLANATION

This bill would allow sole vessel owners the ability to designate a beneficiary on their vessel title for ease of vessel ownership transfer upon the vessel owner's death. It allows the beneficiary to be changed at any time, should the current vessel owner choose to do so. It also requires the beneficiary who survives the current vessel owner to put in an application to the Department to acquire a new certificate of title in their name. If the designated beneficiary does not survive the death of the vessel owner, the vessel then becomes part of the deceased owner's estate.

This bill does not exempt individuals from paying an excise tax or the certificate of title fee associated with the vessel.

SB0214 (HB0244) - Marine Vessels Only - TOD Design

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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.

For further information, please contact:

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