

HOUSE BILL 36

Q5

2lr0927

(PRE-FILED)

By: **Delegate Attar**

Requested: October 25, 2021

Introduced and read first time: January 12, 2022

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Excise Tax – Leased Vehicles – Alteration**

3 FOR the purpose of altering the calculation of the vehicle excise tax imposed for the
4 issuance of a certificate of title for certain leased vehicles to be a certain percentage
5 of the capitalized cost reduction and each monthly lease payment; repealing an
6 exemption from the vehicle excise tax for a vehicle transferred to a lessee who
7 exercises an option under a certain vehicle leasing agreement to purchase the leased
8 vehicle at the end of the lease; and generally relating to the vehicle excise tax
9 imposed on leased vehicles.

10 BY repealing and reenacting, with amendments,
11 Article – Transportation
12 Section 13–809 and 13–810(c)(9) and (10)
13 Annotated Code of Maryland
14 (2020 Replacement Volume and 2021 Supplement)

15 BY repealing
16 Article – Transportation
17 Section 13–810(c)(11)
18 Annotated Code of Maryland
19 (2020 Replacement Volume and 2021 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
21 That the Laws of Maryland read as follows:

22 **Article – Transportation**

23 13–809.

24 (a) (1) In this section the following words have the meanings indicated.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) “Fair market value” means:

2 (i) As to the sale of any new or used vehicle by a licensed dealer, the
3 total purchase price, as certified by the dealer;

4 (ii) Except as provided in item (iv) of this paragraph, as to a used
5 vehicle that is sold by any person other than a licensed dealer and that has a designated
6 model year that is 7 years old or older, the greater of:

7 1. The total purchase price; or

8 2. \$640;

9 (iii) Except as provided in item (iv) of this paragraph, as to any other
10 used vehicle that is sold by any person other than a licensed dealer:

11 1. The total purchase price, if the total purchase price is less
12 than \$500 below the retail value of the vehicle as shown in a national publication of used
13 car values adopted for use by the Department; or

14 2. If the total purchase price is \$500 or more below the retail
15 value of the vehicle as shown in a national publication of used car values adopted for use
16 by the Department:

17 A. The total purchase price, if verified to the satisfaction of
18 the Administration by a notarized bill of sale submitted in accordance with subsection (d)(2)
19 of this section; or

20 B. The valuation shown in the national publication of used
21 car values, if the Administration finds that the documentation submitted under subsection
22 (d)(2) of this section fails to verify the total purchase price;

23 (iv) As to a used trailer, a motor scooter, a moped, or an off-highway
24 recreational vehicle that is sold by any person other than a licensed dealer, the greater of:

25 1. The total purchase price; or

26 2. \$320; and

27 (v) In any other case, the valuation shown in a national publication
28 of used car values adopted for use by the Department.

29 (3) [(i) Subject to subparagraphs (ii) and (iii) of this paragraph, “total]
30 **“TOTAL** purchase price” means the price of a vehicle agreed on by the buyer and the seller,
31 including any dealer processing charge, less an allowance for trade-in but with no
32 allowance for other nonmonetary consideration.

1 (ii) As to a person trading in a nonleased vehicle to enter into a lease
2 for a period of more than 180 consecutive days, “total purchase price” means the retail value
3 of the vehicle as certified by the dealer, including any dealer processing charge, less an
4 allowance for the trade-in of the nonleased vehicle but with no allowance for other
5 nonmonetary consideration.

6 (iii) As to a person trading in a leased vehicle to enter into another
7 lease for a period of more than 180 consecutive days with a different leasing company or to
8 purchase a vehicle, “total purchase price” means the retail value of the vehicle as certified
9 by the dealer, including any dealer processing charge, less an allowance for the trade-in of
10 the leased vehicle but with no allowance for other nonmonetary consideration.]

11 (4) “Trailer” has the meaning stated in § 11-169 of this article.

12 (b) (1) Except as otherwise provided in this part, in addition to any other
13 charge required by the Maryland Vehicle Law, an excise tax is imposed:

14 (i) For each original and each subsequent certificate of title issued
15 in this State for a motor vehicle, a trailer, a semitrailer, a moped, a motor scooter, or an
16 off-highway recreational vehicle for which sales and use tax is not collected at the time of
17 purchase; and

18 (ii) Except as provided in paragraph (2) of this subsection, for each
19 motor vehicle, trailer, or semitrailer that is in interstate operation and registered under §
20 13-109(c) or (d) of this title without a certificate of title.

21 (2) (i) An excise tax of \$50 is imposed for the registration of a trailer
22 exempt from the titling requirement under § 13-102(12) of this title.

23 (ii) In a case where the fair market value as defined in subsection
24 (a)(2)(iii)2A of this section applies, the excise tax imposed under this part may not be less
25 than \$32.

26 (3) A political subdivision of the State may not impose a sales tax, a use
27 tax, or excise tax on the issuance of a motor vehicle certificate of title.

28 (c) (1) Except as provided in subsection (b)(2) of this section **AND PARAGRAPH**
29 **(2) OF THIS SUBSECTION**, the tax imposed by this section is [6 percent] **6%** of the fair
30 market value of the vehicle.

31 **(2) (I) 1. IN THIS PARAGRAPH, “CAPITALIZED COST**
32 **REDUCTION” MEANS ANY MONETARY PAYMENT MADE BY A LESSEE OF A VEHICLE AT**
33 **THE TIME OF ENTERING INTO THE VEHICLE LEASE THAT LOWERS THE MONTHLY**
34 **PAYMENTS ON THE LEASE.**

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1 **2. “CAPITALIZED COST REDUCTION” DOES NOT**
2 **INCLUDE THE VALUE OF ANY TRADE-IN VEHICLE.**

3 **(II) FOR A VEHICLE THAT IS LEASED FOR A PERIOD OF MORE**
4 **THAN 180 CONSECUTIVE DAYS, THE TAX IMPOSED BY THIS SECTION IS 6% OF:**

5 **1. THE CAPITALIZED COST REDUCTION; AND**

6 **2. EACH MONTHLY LEASE PAYMENT.**

7 **[(2)] (3)** If the vehicle formerly was a vehicle exempt from the tax imposed
8 by this section, the tax shall be reduced by any amount previously paid by the present
9 owner as a sales and use tax on the vehicle under Title 11 of the Tax – General Article.

10 **[(3)] (4)** (i) 1. In this subparagraph, “military” includes the
11 Commissioned Corps of the Public Health Service, the National Oceanic and Atmospheric
12 Administration, or the Coast and Geodetic Survey.

13 2. If the vehicle was formerly titled and registered in another
14 state and the present owner has paid a sales or excise tax to that state at a rate less than
15 that imposed by this State, then the tax imposed shall apply but at a rate measured by the
16 difference only between the tax rate paid to the other state and the tax rate imposed by this
17 section, if the present owner:

18 A. Has not been a Maryland resident for more than 60 days;

19 B. Is a member of the military on active duty and has not
20 been a Maryland resident for more than 1 year; or

21 C. Is a Maryland resident who is a member of the military
22 returning to Maryland from, or on, active duty and who applies for titling and registration
23 in Maryland no more than 1 year after returning.

24 (ii) If the vehicle was formerly titled and registered in another state
25 and the present owner requests to transfer the vehicle in accordance with § 13–810(c)(1) of
26 this subtitle, the Administration shall change or correct the names contained in the
27 certificate of title:

28 1. At the time the excise tax that is credited or imposed
29 under this section is paid and a new title is issued; and

30 2. Without issuing multiple certificates of title or charging
31 additional fees.

32 (iii) Except as provided in subsection (b)(2) of this section, the
33 minimum tax imposed under this section shall be \$100.

1 (d) Each applicant for a certificate of title or for registration under § 13–109(c) of
2 this title shall submit to the Administration:

3 (1) The information that the Administration considers necessary as to:

4 (i) The time of purchase of the vehicle; and

5 (ii) The purchase price and other information relating to the
6 determination of the fair market value of the vehicle which may include, but is not limited
7 to:

8 1. Canceled checks;

9 2. Money order receipts;

10 3. Loan documents; or

11 4. A written description of the vehicle's condition; and

12 (2) If the excise tax is based on the total purchase price of the vehicle as
13 provided in subsection (a)(2)(iii)2A of this section, a notarized bill of sale that:

14 (i) Is designed by, and obtained from, the Administration;

15 (ii) Is signed by the buyer and the seller; and

16 (iii) Includes a statement explaining why the vehicle was sold at the
17 price stated in the bill of sale.

18 (e) Any person who fails to pay the excise tax as required in this section is guilty
19 of a misdemeanor and on conviction is subject to a fine not exceeding \$1,000.

20 (f) The Administration shall adopt regulations to implement the provisions of
21 this section.

22 13–810.

23 (c) On transfer of a vehicle titled in this State and issuance of a subsequent
24 certificate of title, the vehicle is exempt from the excise tax imposed by this part, if it is:

25 (9) A vehicle transferred to a Family Investment Program recipient or an
26 individual certified by the Department of Human Services or a local department of social
27 services as eligible for transfer of the vehicle that was exempted from the excise tax imposed
28 by this part under subsection (a)(24) of this section; **OR**

29 (10) A vehicle transferred into a written inter vivos trust in which the

1 transferor is the primary beneficiary[; or].

2 [(11) A vehicle transferred to a lessee who exercises an option under a vehicle
3 leasing agreement for an initial term of more than 180 consecutive days to purchase the
4 leased vehicle at the end of the lease.]

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
6 1, 2027.