

Chapter 728

(House Bill 986)

AN ACT concerning

Vehicle Laws – Trade-In Allowance – Leased Vehicles

FOR the purpose of altering the definition of “total purchase price” for the purposes of the vehicle excise tax to exclude from the computation of the tax an allowance for the trade-in of a leased vehicle under certain circumstances; and generally relating to the motor vehicle excise tax.

BY repealing and reenacting, with amendments,
Article – Transportation
Section 13–809(a)
Annotated Code of Maryland
(2012 Replacement Volume and 2015 Supplement)

BY repealing and reenacting, without amendments,
Article – Transportation
Section 13–809(b) and (c)(1)
Annotated Code of Maryland
(2012 Replacement Volume and 2015 Supplement)

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

Article – Transportation

13–809.

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

(2) “Fair market value” means:

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

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

1. The total purchase price; or
2. \$640;

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

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

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

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

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

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

1. The total purchase price; or

2. \$320; and

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

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

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

(III) AS TO A PERSON TRADING IN A LEASED VEHICLE TO ENTER INTO ANOTHER LEASE FOR A PERIOD OF MORE THAN 180 CONSECUTIVE DAYS WITH A DIFFERENT LEASING COMPANY OR TO PURCHASE A VEHICLE, “TOTAL PURCHASE PRICE” MEANS THE RETAIL VALUE OF THE VEHICLE AS CERTIFIED BY THE DEALER, INCLUDING ANY DEALER PROCESSING CHARGE, LESS AN ALLOWANCE FOR THE

TRADE-IN OF THE LEASED VEHICLE BUT WITH NO ALLOWANCE FOR OTHER NONMONETARY CONSIDERATION.

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

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

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

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

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

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

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

(c) (1) Except as provided in subsection (b)(2) of this section, the tax imposed by this section is 6 percent of the fair market value of the vehicle.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2016.

Enacted under Article II, § 17(c) of the Maryland Constitution, May 28, 2016.