

HOUSE BILL 1011

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4lr2689
CF 4lr3434

By: **Delegates Arentz, Ghrist, and Jacobs**

Introduced and read first time: February 5, 2024

Assigned to: Environment and Transportation and Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Vessel Transfers – Excise Tax and Title Fee Exemption and Transfer-on-Death**
3 **Beneficiary Designation**

4 FOR the purpose of prohibiting the imposition of an excise tax or certificate of title fee for
5 the transfer of certain vessels to a trust or from a trust to certain beneficiaries under
6 certain circumstances; requiring that an application for a certificate of title for a
7 vessel contain certain information; authorizing an individual who is the sole owner
8 of a certain vessel to apply to the Department of Natural Resources to designate a
9 beneficiary to take ownership of the vessel on the death of the owner; requiring a
10 designated beneficiary who survives the owner of a vessel to apply to the Department
11 for a new certificate of title for the vessel; and generally relating to the vessel excise
12 tax and certificate of title fees and beneficiary designations for vessels.

13 BY repealing and reenacting, with amendments,
14 Article – Estates and Trusts
15 Section 14.5–1001
16 Annotated Code of Maryland
17 (2022 Replacement Volume and 2023 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – Natural Resources
20 Section 8–701(a), 8–715(e), and 8–716(b) and (e)(12) and (13)
21 Annotated Code of Maryland
22 (2023 Replacement Volume and 2023 Supplement)

23 BY repealing and reenacting, without amendments,
24 Article – Natural Resources
25 Section 8–701(s) and 8–716(a)(1) and (7) and (c)
26 Annotated Code of Maryland
27 (2023 Replacement Volume and 2023 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to
2 Article – Natural Resources
3 Section 8–716(e)(14) and 8–720.1
4 Annotated Code of Maryland
5 (2023 Replacement Volume and 2023 Supplement)

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

8 **Article – Estates and Trusts**

9 14.5–1001.

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

11 (2) “Consideration” does not include the amount of any obligation under a
12 mortgage, deed of trust, or other writing encumbering the transferred property.

13 (3) “Trust” does not include:

14 (i) A real estate investment trust as defined in § 8–101 of the
15 Corporations and Associations Article; or

16 (ii) A statutory trust as defined in § 12–101 of the Corporations and
17 Associations Article.

18 (4) “Vehicle” includes:

19 (i) A motor vehicle, a trailer, a semitrailer, a moped, a motor scooter,
20 or an off–highway recreational vehicle for which sales and use tax is not collected at the
21 time of purchase; or

22 (ii) A motor vehicle, trailer, or semitrailer that is in interstate
23 operation and registered under § 13–109(c) or (d) of the Transportation Article without a
24 certificate of title.

25 **(5) “VESSEL” HAS THE MEANING STATED IN § 8–716 OF THE NATURAL**
26 **RESOURCES ARTICLE.**

27 (b) A recordation tax, transfer tax, or any other State or local excise tax may not
28 be imposed on the transfer of real property or an interest in real property without
29 consideration or on the recordation of an instrument that transfers real property or an
30 interest in real property without consideration if:

31 (1) The transfer is to a trust; or

32 (2) The transfer is from a trust to one or more beneficiaries and:

1 (i) The transfer is made to a person that would be exempt from tax
2 under Title 12 or Title 13 of the Tax – Property Article if the transfer had been made to
3 that person directly by the grantor;

4 (ii) The transfer is made during the life of the grantor of the trust
5 and the trustee of the trust originally acquired the real property for adequate consideration;
6 or

7 (iii) The transfer is made to a beneficiary of a revocable trust as a
8 result of the death of the settlor of the trust.

9 (c) An excise tax or a certificate of title fee imposed under Title 13, Subtitle 8 of
10 the Transportation Article may not be imposed on the issuance of an original or subsequent
11 certificate of title issued for a vehicle that is transferred without consideration if:

12 (1) The transfer is to a trust and the transfer would be exempt from the
13 excise tax under § 13–810 of the Transportation Article if the transferor transferred the
14 vehicle directly to one or more of the beneficiaries; or

15 (2) The transfer is from a trust to one or more beneficiaries of the trust and:

16 (i) The transfer is made to a person that would be exempt from the
17 excise tax under § 13–810 of the Transportation Article if the transfer had been made to
18 that person directly by the transferor of the vehicle to the trust;

19 (ii) The transfer is made during the life of the settlor of the trust and
20 the trustee of the trust originally acquired the vehicle for adequate consideration; or

21 (iii) The transfer is made to a beneficiary of a revocable trust as a
22 result of the death of the settlor of the trust.

23 **(D) AN EXCISE TAX OR A CERTIFICATE OF TITLE FEE IMPOSED UNDER §**
24 **8–716 OF THE NATURAL RESOURCES ARTICLE MAY NOT BE IMPOSED ON THE**
25 **ISSUANCE OF AN ORIGINAL OR SUBSEQUENT CERTIFICATE OF TITLE ISSUED FOR A**
26 **VESSEL THAT IS TRANSFERRED WITHOUT CONSIDERATION IF:**

27 **(1) THE TRANSFER IS TO A TRUST AND THE TRANSFER WOULD BE**
28 **EXEMPT FROM THE EXCISE TAX UNDER § 8–716(E) OF THE NATURAL RESOURCES**
29 **ARTICLE IF THE TRANSFEROR TRANSFERRED THE VESSEL DIRECTLY TO ONE OR**
30 **MORE OF THE BENEFICIARIES; OR**

31 **(2) THE TRANSFER IS FROM A TRUST TO ONE OR MORE**
32 **BENEFICIARIES OF THE TRUST AND:**

1 **(I) THE TRANSFER IS MADE DURING THE LIFE OF THE SETTLOR**
2 **OF THE TRUST AND THE TRUSTEE OF THE TRUST ORIGINALLY ACQUIRED THE**
3 **VESSEL FOR ADEQUATE CONSIDERATION; OR**

4 **(II) THE TRANSFER IS MADE TO A BENEFICIARY OF A**
5 **REVOCABLE TRUST AS A RESULT OF THE DEATH OF THE SETTLOR OF THE TRUST.**

6 **Article – Natural Resources**

7 8–701.

8 (a) **[In] EXCEPT AS PROVIDED IN §§ 8–716 AND 8–720.1 OF THIS SUBTITLE,**
9 **IN** this subtitle the following words have the meanings indicated.

10 (s) (1) “Vessel” means every description of watercraft, including an ice boat
11 but not including a seaplane, that is used or capable of being used as a means of
12 transportation on water or ice.

13 (2) “Vessel” includes the motor, spars, sails, and accessories of a vessel.

14 8–715.

15 (e) **(1)** Every owner of a vessel subject to titling under the provisions of this
16 subtitle shall apply to the Department for issuance of a certificate of title for the vessel
17 within 30 days after acquisition.

18 **(2)** The application shall **[be]:**

19 **(I)** **BE** on forms the Department prescribes, and accompanied by the
20 required fee and tax **[. The application shall be];**

21 **(II)** **BE** signed and sworn to before a notary public or other person
22 who administers oaths, or a certification signed in writing containing substantially the
23 representation that statements made are true and correct to the best of the applicant’s
24 knowledge, information, and belief, under penalty of perjury **[. The application shall**
25 **contain];**

26 **(III)** **CONTAIN** the date of sale and gross price of the vessel or the fair
27 market value if no sale immediately preceded the transfer **[.]**;

28 **(IV)** **IF THE SOLE INDIVIDUAL OWNER OF A VESSEL DESIGNATES**
29 **A TRANSFER–ON–DEATH BENEFICIARY UNDER § 8–720.1 OF THIS SUBTITLE,**
30 **INCLUDE THE NAME AND MAILING ADDRESS OF THE BENEFICIARY; and [any]**

31 **(V)** **CONTAIN ANY** additional information the Department requires.

1 **(3)** If the application is made for a vessel last previously registered or titled
2 in another state or foreign country, the application shall contain this information and any
3 other the Department requires.

4 8-716.

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

6 (7) (i) "Vessel" has the meaning indicated in § 8-701(s) of this subtitle.

7 (ii) "Vessel" does not include a ship's lifeboat, a vessel propelled only
8 by sail, or vessel manually propelled.

9 (b) **(1)** [The] **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
10 **SUBSECTION, THE** Department shall charge a \$2 fee to issue a certificate of title, a transfer
11 of title, or a duplicate or corrected certificate of title.

12 **(2) THE DEPARTMENT MAY NOT CHARGE A FEE TO ISSUE A**
13 **CERTIFICATE OF TITLE OR A TRANSFER OF TITLE FOR A VESSEL THAT IS**
14 **TRANSFERRED TO A TRUST OR FROM A TRUST TO ONE OR MORE BENEFICIARIES IN**
15 **ACCORDANCE WITH § 14.5-1001 OF THE ESTATES AND TRUSTS ARTICLE.**

16 (c) (1) Subject to the limitation under paragraph (3) of this subsection and
17 except as provided in § 8-715(d) of this subtitle and in subsections (e) and (f) of this section,
18 and in addition to the fees prescribed in subsection (b) of this section, an excise tax is levied
19 at the rate of 5% of the fair market value of the vessel on:

20 (i) The issuance of every original certificate of title required for a
21 vessel under this subtitle;

22 (ii) The issuance of every subsequent certificate of title for the sale,
23 resale, or transfer of the vessel;

24 (iii) The sale within the State of every other vessel; and

25 (iv) The possession within the State of a vessel used or to be used
26 principally in the State.

27 (2) Notwithstanding the provisions of this subsection, no tax is paid on
28 issuance of any certificate of title if the owner of the vessel for which a certificate of title is
29 sought was the owner of the vessel prior to June 1, 1965, or paid Maryland sales and use
30 tax on the vessel as required by law at the time of acquisition. The Department may require
31 the applicant for titling to submit satisfactory proof that the applicant owned the vessel
32 prior to June 1, 1965.

1 (3) (i) Subject to subparagraph (ii) of this paragraph, the excise tax
2 imposed under this subsection may not exceed \$15,000 for any vessel.

3 (ii) The maximum amount of the excise tax imposed for any vessel
4 as specified in subparagraph (i) of this paragraph shall be increased by \$100 on:

5 1. July 1, 2016; and

6 2. July 1 of each subsequent year.

7 (e) A person is not required to pay the tax provided for in subsection (c) of this
8 section resulting from:

9 (12) The possession within the State of a vessel for a period of not more than
10 one year if the current owner is a member of the armed services and is serving on active
11 duty in this State; [or]

12 (13) The sale of a vessel within the State if:

13 (i) The vessel is purchased from a licensed dealer;

14 (ii) The issuance of a title is not sought or required;

15 (iii) The vessel is not used or to be used principally on the waters of
16 this State;

17 (iv) The vessel is duly registered in another jurisdiction within 30
18 days of the date of purchase; and

19 (v) The dealer and the purchaser execute an agreement certifying
20 the state of principal use for the vessel which is filed with the Department within 30 days
21 of the date of purchase; **OR**

22 **(14) A TRANSFER OF A VESSEL TO A TRUST OR FROM A TRUST TO ONE**
23 **OR MORE BENEFICIARIES IN ACCORDANCE WITH § 14.5–1001 OF THE ESTATES AND**
24 **TRUSTS ARTICLE.**

25 **8–720.1.**

26 **(A) IN THIS SECTION, “VESSEL” HAS THE MEANING STATED IN § 8–716 OF**
27 **THIS SUBTITLE.**

28 **(B) AN INDIVIDUAL WHO IS THE SOLE OWNER OF A VESSEL MAY APPLY TO**
29 **THE DEPARTMENT TO DESIGNATE A BENEFICIARY TO TAKE OWNERSHIP OF THE**
30 **VESSEL ON THE DEATH OF THE OWNER.**

1 **(C) THE DESIGNATION OF A BENEFICIARY MAY BE SHOWN BY THE WORDS**
2 **“TRANSFER-ON-DEATH” OR THE ABBREVIATION “TOD” AFTER THE NAME OF THE**
3 **REGISTERED OWNER ON A CERTIFICATE OF TITLE.**

4 **(D) (1) THE DESIGNATION OF A BENEFICIARY FOR A VESSEL DOES NOT**
5 **AFFECT THE OWNERSHIP OF THE VESSEL UNTIL THE DEATH OF THE OWNER OF THE**
6 **VESSEL.**

7 **(2) THE OWNER OF A VESSEL MAY CANCEL OR CHANGE THE**
8 **DESIGNATION OF A BENEFICIARY AT ANY TIME WITHOUT THE CONSENT OF THE**
9 **BENEFICIARY BY APPLYING TO THE DEPARTMENT.**

10 **(E) THE DESIGNATION OF A BENEFICIARY IS NOT REQUIRED TO BE**
11 **SUPPORTED BY CONSIDERATION, AND THE CERTIFICATE OF TITLE OF THE VESSEL**
12 **FOR WHICH THE DESIGNATION IS MADE IS NOT REQUIRED TO BE DELIVERED TO THE**
13 **BENEFICIARY IN ORDER FOR THE DESIGNATION TO BE EFFECTIVE.**

14 **(F) ON THE DEATH OF THE OWNER OF A VESSEL WHO HAS DESIGNATED A**
15 **BENEFICIARY, OWNERSHIP OF A VESSEL SHALL PASS TO THE BENEFICIARY IF THE**
16 **BENEFICIARY SURVIVES THE OWNER.**

17 **(G) (1) A DESIGNATED BENEFICIARY WHO SURVIVES THE OWNER SHALL**
18 **APPLY TO THE DEPARTMENT FOR A NEW CERTIFICATE OF TITLE FOR THE VESSEL.**

19 **(2) AN APPLICATION FOR A CERTIFICATE OF TITLE BY A BENEFICIARY**
20 **FOLLOWING THE DEATH OF THE OWNER SHALL INCLUDE:**

21 **(I) THE ORIGINAL CERTIFICATE OF TITLE DESIGNATING THE**
22 **BENEFICIARY;**

23 **(II) A DEATH CERTIFICATE FOR THE DECEASED OWNER;**

24 **(III) PROOF OF THE IDENTITY OF THE BENEFICIARY; AND**

25 **(IV) ANY APPLICABLE TAXES OR FEES.**

26 **(H) IF A DESIGNATED BENEFICIARY DOES NOT SURVIVE THE DEATH OF THE**
27 **OWNER, THE VESSEL IS PART OF THE ESTATE OF THE DECEASED OWNER.**

28 **(I) THIS SECTION DOES NOT LIMIT THE RIGHTS OF CREDITORS OF VESSEL**
29 **OWNERS AGAINST BENEFICIARIES AND OTHER TRANSFEREES UNDER OTHER LAWS**
30 **OF THIS STATE.**

1 **(J) THE DEPARTMENT MAY CHARGE A FEE, NOT TO EXCEED ITS COSTS, FOR**
2 **ISSUING A CERTIFICATE OF TITLE UNDER THIS SECTION.**

3 **(K) THE DEPARTMENT MAY ADOPT REGULATIONS TO CARRY OUT THIS**
4 **SECTION.**

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 October 1, 2024.