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By: **Delegates W. Baker, C. Davis, Eckardt, Cane, Crouse, McClenahan,  
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Assigned to: Ways and Means and Environmental Matters

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 23, 2002

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Natural Resources - State Boat Act**

3 FOR the purpose of authorizing the Department of Natural Resources to use certain  
4 money to recover certain interest and penalties; authorizing the Department to  
5 establish a certain fee, not to exceed a certain amount, that the Department may  
6 charge for certain temporary certificates; extending the time period within  
7 which a licensed boat dealer shall send the Department a certain certificate;  
8 extending the expiration date for certain certificates; reducing the period of time  
9 within which certain emergency rescue boats must apply for a registration  
10 renewal; exempting altering an exemption from the requirement to pay a  
11 certain tax for the possession of certain vessels within the State for a certain  
12 time period from the requirement to pay a certain tax under certain  
13 circumstances; requiring a certain applicant to include, as part of the  
14 application, certain vessel identifying materials; defining certain terms;  
15 exempting certain fire boats from certain registration fees; exempting certain  
16 persons from the payment of the vessel excise tax on certain vessels that are  
17 held for resale or repair by certain persons in the State, under certain  
18 circumstances; and generally relating to the State Boat Act.

19 BY renumbering

20 Article - Natural Resources  
21 Section 8-701(g) through ~~(s)~~ (n) and (p) through (s), respectively  
22 to be Section 8-701(h) through ~~(t)~~ (o) and (q) through (t), respectively  
23 Annotated Code of Maryland  
24 (2000 Replacement Volume and 2001 Supplement)

1 BY adding to  
2 Article - Natural Resources  
3 Section 8-701(g) and 8-716(k)  
4 Annotated Code of Maryland  
5 (2000 Replacement Volume and 2001 Supplement)

6 BY repealing and reenacting, with amendments,  
7 Article - Natural Resources  
8 Section 8-701(c) and (o), 8-710.1(a), 8-710.2(a), (b)(5), and (c), 8-712(c)(2),  
9 8-716(a) and (e), and 8-722(c)(3)  
10 Annotated Code of Maryland  
11 (2000 Replacement Volume and 2001 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
13 MARYLAND, That Section(s) 8-701(g) through (s), respectively, of Article - Natural  
14 Resources of the Annotated Code of Maryland be renumbered to be Section(s)  
15 8-701(h) through (t), respectively.

16 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
17 read as follows:

18 **Article - Natural Resources**

19 8-701.

20 (c) (1) "Dealer" means any person who:

21 (i) Engages in whole or in part in the business of buying, selling, or  
22 exchanging new and unused vessels or used vessels, or both, either outright or on  
23 conditional sale, bailment, lease, chattel mortgage, or otherwise; and

24 (ii) Has an established place of business for sale, trade, and display  
25 of vessels.

26 (2) "Dealer" includes:

27 (I) [a] A yacht broker; AND

28 (II) A HOLDER OF A LIEN CREATED UNDER TITLE 16, SUBTITLE 2 OF  
29 THE COMMERCIAL LAW ARTICLE WHO SELLS THE VESSEL PURSUANT TO THAT TITLE,  
30 INCLUDING AN AUCTIONEER AND A COMPANY COMMONLY KNOWN AS A LIEN AND  
31 RECOVERY COMPANY.

32 (G) "MARINE REPAIR CONTRACTOR" MEANS A PERSON OR ENTITY ENGAGED  
33 FULL TIME IN THE BUSINESS OF PROVIDING MAINTENANCE, REPAIR, OR SIMILAR  
34 SERVICES TO VESSELS.

1 (p) "State of principal use" means the state on whose waters a vessel is used or  
2 to be used most during a calendar year WHICH IS THE PERIOD FROM JANUARY 1  
3 THROUGH DECEMBER 31.

4 8-710.1.

5 (a) Prior to the issuance of a boat dealer's or manufacturer's license, each  
6 applicant shall file with the Department acceptable evidence of a bond or other  
7 security deemed sufficient and adequate by the Department for the payment of fees  
8 and taxes the applicant receives based upon the applicant's volume of sales and the  
9 class of boat dealer's or manufacturer's license which the applicant has requested.  
10 The bond shall be for the use and benefit of the Department and any member of the  
11 public who suffers or sustains any loss by reason of any violation of this subtitle by  
12 the licensee, the licensee's agent, or the licensee's employee. THE DEPARTMENT MAY  
13 ALSO USE THE BOND TO RECOVER ANY PENALTY AND INTEREST CHARGED TO THE  
14 LICENSEE BASED ON A FAILURE TO PAY THE FEES OR TAXES RECEIVED BY THE  
15 APPLICANT.

16 8-710.2.

17 (a) The Department may design temporary certificates of boat number and  
18 furnish them to any licensed boat dealer who:

19 (1) Applies for at least 25 of the certificates on a form that the  
20 Administration requires; and

21 (2) Submits [a fee of \$1] THE FEE, NOT TO EXCEED \$1, SET BY THE  
22 DEPARTMENT for each certificate with the application.

23 (b) (5) Within [3] 30 days after a dealer issues a temporary certificate of  
24 boat number, the dealer shall mail a copy of the temporary certificate to the  
25 Department.

26 (c) A temporary certificate of boat number expires when the first of either of  
27 the following occurs:

28 (1) A certificate of boat number for the vessel is issued by the  
29 Department; or

30 (2) [60] 90 days expire from the date the temporary certificate was  
31 issued by the dealer.

32 8-712.

33 (c) (2) Emergency rescue boats AND FIRE BOATS that belong to fire  
34 departments or rescue squads in Maryland:

35 (i) Shall be exempt from all registration fees; but

36 (ii) Shall apply for a registration renewal every {3}2 years.

1 8-716.

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

3 (2) "Fair market value" means:

4 (i) As to the sale of any vessel by a licensed dealer or a dealer  
5 licensed by another state or a foreign country, the total purchase price, as certified by  
6 the dealer on a form acceptable to the Department, less the value of any vessel that is  
7 traded in as part of the consideration for the sale, which trade-in value may not  
8 exceed the value for the trade-in vessel as shown in a national publication of used  
9 vessel values adopted by the Department;

10 (ii) As to any other vessel that is sold by any person other than a  
11 licensed dealer, the greater of:

12 1. The total purchase price; or

13 2. \$100; or

14 (iii) As to any other vessel that is sold by any person other than a  
15 licensed dealer, either:

16 1. The total purchase price, if verified by means of a certified  
17 bill of sale approved by the Department, in which the actual price paid for the vessel  
18 is stated; or

19 2. The valuation shown in a national publication of used  
20 vessel values adopted by the Department if a certified bill of sale does not accompany  
21 the application.

22 (3) "Used principally in this State" means that this State is the state of  
23 principal use as defined in § 8-701(o) of this subtitle, except that in calculating where  
24 the vessel is used or used most, a vessel is not considered to be in use for any period  
25 of time that it is held for maintenance or repair for 30 consecutive days or more.

26 (4) "SEA TRIAL" MEANS A PERIOD OF ~~UNDERWATER~~ ON-THE-WATER  
27 OPERATIONS, NOT TO EXCEED 1 DAY, THAT IS CONDUCTED:

28 (I) FOR THE PURPOSE OF TESTING THE EFFECTIVENESS OF  
29 SPECIFIC REPAIRS OR MAINTENANCE PROCEDURES; OR

30 (II) FOR A VESSEL HELD FOR RESALE BY A LICENSED DEALER  
31 UNDER THIS SECTION.

32 (5) "Total purchase price" means the price of a vessel, including  
33 simultaneously purchased motors, spars, sails, and accessories exclusive of trailer,  
34 agreed on by the buyer and seller, with no deduction for trade-in or other  
35 nonmonetary consideration.

1                   [(5)]   (6)   (i)       "Vessel" has the meaning indicated in § 8-701(r) of this  
2 subtitle.

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

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

7               (1)       A transfer between members of the immediate family as determined  
8 by Department regulations;

9               (2)       A transfer to a licensed dealer of a vessel for [resale, rental, or lease]  
10 RESALE purposes;

11               (3)       THE HOLDING OF A VESSEL THAT IS TITLED OR NUMBERED IN  
12 ANOTHER STATE OR IS FEDERALLY DOCUMENTED, PROVIDED:

13                       (I)       THE VESSEL IS HELD FOR RESALE OR LISTED FOR RESALE BY A  
14 LICENSED DEALER; AND

15                       (II)       THE VESSEL OWNER SIGNS AN AFFIDAVIT THAT THERE WILL  
16 BE NO USE OF THE VESSEL ON THE WATERS OF THE STATE OTHER THAN FOR A SEA  
17 TRIAL;

18               ~~(3)~~   (4)       Purchase of a vessel by the State or any political subdivision;

19               ~~(4)~~   (5)       Purchase of a vessel by an eleemosynary organization which the  
20 Secretary has approved;

21               ~~(5)~~   (6)       The purchase within the State of a vessel if the owner paid or  
22 incurred a liability for the Maryland sales and use tax on the vessel prior to July 1,  
23 1986;

24               ~~(6)~~   (7)       The possession within the State of a vessel which was  
25 purchased outside the State if the owner paid or incurred a liability for the Maryland  
26 use tax on the vessel prior to July 1, 1986;

27               ~~(7)~~   (8)       The possession of a vessel that was purchased or acquired prior  
28 to coming into the State by a nonresident of the State and is not used principally on  
29 the waters of the State and if the issuance of a title is not sought, EXCEPT THAT:

30                       (I)       A VESSEL IS NOT DEEMED USED ON THE WATERS OF THE  
31 STATE IF THE VESSEL IS USED FOR 90 DAYS OR LESS OF A CALENDAR YEAR; AND

32                       (II)       IF A VESSEL IS USED FOR MORE DAYS THAN 90 DAYS IN A  
33 CALENDAR YEAR, THE PERIOD OF 90 DAYS SHALL BE COUNTED IN THE  
34 DETERMINATION OF PRINCIPAL USE UNDER THIS SUBTITLE;

35               ~~(8)~~   (9)       The possession within the State of a vessel if the current owner,  
36 before July 1, 1986:

1 (i) 1. Was licensed by the Department to catch, for commercial  
2 purposes, finfish, eels, crabs, conch, terrapin, soft-shell clams, hard-shell clams,  
3 oysters, or any other fish; and

4 2. Used the vessel for any of the commercial fishing purposes  
5 described in item 1 of this item; or

6 (ii) 1. Was licensed as a commercial fishing guide under the  
7 provisions of § 4-210 of this article; and

8 2. Used the vessel as a charter boat with a license as  
9 provided in § 4-745(d)(2) of this article; or

10 ~~(9)~~ (10) The possession within the State of a vessel that:

11 (i) Is owned by a nonprofit organization that:

12 1. Is qualified as tax exempt under § 501(c)(4) of the Internal  
13 Revenue Code; and

14 2. Is engaged in providing a program to render its best  
15 efforts to contain, clean up, and otherwise mitigate spills of oil or other substances  
16 occurring in United States coastal and tidal waters; and

17 (ii) Is used for the purposes of the organization.

18 ~~(10) THE POSSESSION WITHIN THE STATE OF A VESSEL THAT IS TITLED  
19 OR NUMBERED IN ANOTHER STATE OR IS FEDERALLY DOCUMENTED WITH A  
20 HOMEPORT OUTSIDE THE STATE, IF THE VESSEL IS WITHIN THE STATE FOR LESS  
21 THAN 120 DAYS PER CALENDAR YEAR.~~

22 (K) (1) FOR PURPOSES OF SUBSECTION (A)(3) OF THIS SECTION, A VESSEL IS  
23 DEEMED TO BE HELD FOR MAINTENANCE OR REPAIR IF:

24 (I) THE MAINTENANCE OR REPAIR WORK IS PROVIDED IN  
25 EXCHANGE FOR COMPENSATION;

26 (II) THE MAINTENANCE OR REPAIR WORK IS PERFORMED  
27 PURSUANT TO A SCHEDULE PREESTABLISHED WITH ONE OR MORE MARINE  
28 CONTRACTORS; AND

29 (III) THE TOTAL COST OF THE MAINTENANCE OR REPAIR WORK IS  
30 AT LEAST TWO TIMES THE REASONABLE CURRENT MARKET COST OF DOCKING OR  
31 STORING THE VESSEL.

32 (2) TIME SPENT CONDUCTING SEA TRIALS SHALL BE INCLUDED WHEN  
33 CALCULATING THE PERIOD OF TIME A VESSEL IS HELD FOR MAINTENANCE OR  
34 REPAIR UNDER SUBSECTION (A)(3) OF THIS SECTION.

1 8-722.

2 (c) (3) At the end of the 30-day period the person shall apply to the  
3 Department for title to the vessel in the person's name on forms the Department  
4 approves accompanied by the following affidavits:

5 (i) A statement that the vessel is an abandoned vessel as defined in  
6 § 8-721 of this subtitle;

7 (ii) Proof the registered letter was mailed at least 30 days before  
8 application or a detailed explanation of the unsuccessful steps taken to identify the  
9 owner or lienholder and secure the owner's or lienholder's address; [and]

10 (iii) Proof a notice was printed in a newspaper as required in  
11 paragraph (2) of this subsection;

12 (IV) A CLEAR AND ACCURATE PHOTOGRAPH OF THE VESSEL; AND

13 (V) A TRACING OR CERTIFICATION OF THE HULL IDENTIFICATION  
14 NUMBER.

15 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 October 1, 2002.