

SENATE BILL 924

Q5

EMERGENCY BILL

8lr3386
CF HB 1570

By: ~~Senator Peters~~ Senators Peters, DeGrange, Currie, Kasemeyer, McFadden, Kramer, Brinkley, Robey, Munson, King, Jones, Madaleno, Edwards, and Zirkin

Introduced and read first time: February 20, 2008

Assigned to: Rules

Re-referred to: Budget and Taxation, March 3, 2008

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 20, 2008

CHAPTER _____

1 AN ACT concerning

2 **Motor Vehicle Excise Tax – Leased Vehicles – ~~Residual Value~~ Application of**
3 **Trade-In Value**

4 FOR the purpose of ~~prohibiting a lessor from passing on to the lessee the portion of the~~
5 ~~motor vehicle excise tax paid by the lessor on the residual value of a leased~~
6 ~~vehicle; providing that a lessor is entitled to a refund of the portion of the motor~~
7 ~~vehicle excise tax paid by the lessor on the residual value of a leased vehicle;~~
8 ~~requiring a lessor to apply to the Motor Vehicle Administration on a certain~~
9 ~~form in order to obtain a refund; defining certain terms; and generally relating~~
10 ~~to the motor vehicle excise tax and the residual value of leased vehicles altering~~
11 ~~the definition of “total purchase price” for the purposes of the vehicle excise tax~~
12 ~~to exclude from the computation of the tax as part of the consideration for the~~
13 ~~sale of a vehicle; requiring the Motor Vehicle Administration to adopt certain~~
14 ~~regulations; providing for the retroactive application of this Act; requiring the~~
15 ~~Administration to notify certain persons of certain rebates under certain~~
16 ~~circumstances; making this Act an emergency measure; defining certain terms;~~
17 ~~and generally relating to the motor vehicle excise tax.~~

18 BY repealing and reenacting, with amendments,

19 Article – Transportation

20 Section 13–809(a)(3)

21 Annotated Code of Maryland

22 (2006 Replacement Volume and 2007 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY adding to
 2 Article – Transportation
 3 Section ~~13-809.1~~ 13-809(f)
 4 Annotated Code of Maryland
 5 (2006 Replacement Volume and 2007 Supplement)

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

8 **Article – Transportation**

9 ~~13-809.1.~~ 13-809.

10 ~~(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE~~
 11 ~~MEANINGS INDICATED.~~

12 ~~(2) “EXCISE TAX” MEANS THE EXCISE TAX IMPOSED BY THIS~~
 13 ~~PART.~~

14 ~~(3) “LEASE AGREEMENT” MEANS A CONTRACT IN THE FORM OF A~~
 15 ~~BAILMENT OR LEASE FOR THE USE OF A MOTOR VEHICLE FOR A PERIOD OF TIME~~
 16 ~~EXCEEDING 180 CONSECUTIVE DAYS, INCLUDING RENEWAL PERIODS, WHETHER~~
 17 ~~OR NOT THE LESSEE HAS THE OPTION TO PURCHASE OR OTHERWISE BECOME~~
 18 ~~THE OWNER OF THE MOTOR VEHICLE AT THE EXPIRATION OF THE LEASE.~~

19 ~~(4) “RESIDUAL VALUE” MEANS THE VALUE OF A LEASED VEHICLE~~
 20 ~~AT THE END OF THE LEASE TERM AS DETERMINED BY THE MANUFACTURER.~~

21 ~~(B) AS PART OF A LEASE AGREEMENT, THE LESSOR MAY NOT PASS ON~~
 22 ~~TO THE LESSEE THE PORTION OF THE EXCISE TAX PAID BY THE LESSOR ON THE~~
 23 ~~RESIDUAL VALUE OF THE LEASED VEHICLE.~~

24 ~~(C) (1) AFTER ENTERING INTO A LEASE AGREEMENT, THE LESSOR IS~~
 25 ~~ENTITLED TO A REFUND OF THE PORTION OF THE EXCISE TAX PAID BY THE~~
 26 ~~LESSOR ON THE RESIDUAL VALUE OF THE LEASED VEHICLE.~~

27 ~~(2) TO OBTAIN A REFUND UNDER THIS SUBSECTION, THE LESSOR~~
 28 ~~SHALL APPLY TO THE ADMINISTRATION ON A FORM THE ADMINISTRATION~~
 29 ~~REQUIRES.~~

30 (a) (3) (I) [“Total] SUBJECT TO SUBPARAGRAPH (II) OF THIS
 31 PARAGRAPH, “TOTAL purchase price” means the price of a vehicle agreed on by the
 32 buyer and the seller, including any dealer processing charge, less an allowance for
 33 trade-in but with no allowance for other nonmonetary consideration.

1 (II) AS TO A PERSON TRADING IN A NONLEASED VEHICLE TO
 2 ENTER INTO A LEASE FOR A PERIOD OF MORE THAN 180 CONSECUTIVE DAYS,
 3 “TOTAL PURCHASE PRICE” MEANS THE RETAIL VALUE OF THE VEHICLE AS
 4 CERTIFIED BY THE DEALER, INCLUDING ANY DEALER PROCESSING CHARGE,
 5 LESS AN ALLOWANCE FOR THE TRADE-IN OF THE NONLEASED VEHICLE BUT
 6 WITH NO ALLOWANCE FOR OTHER NONMONETARY CONSIDERATION.

7 (F) THE ADMINISTRATION SHALL ADOPT REGULATIONS TO IMPLEMENT
 8 THE PROVISIONS OF THIS SECTION.

9 ~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect~~
 10 ~~October 1, 2008.~~

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply
 12 retroactively to affect the “total purchase price” resulting from a sale or lease
 13 transaction of a vehicle, as defined in § 13-809(a)(3)(ii) of the Transportation Article,
 14 for the purposes of computing the motor vehicle excise tax imposed on a vehicle that is
 15 leased under a lease agreement entered into on or after January 1, 2008.

16 SECTION 3. AND BE IT FURTHER ENACTED, That, for any individual or
 17 business entity that entered into a lease agreement for a vehicle for a period of more
 18 than 180 days on or after January 1, 2008, but before the effective date of this Act, the
 19 Motor Vehicle Administration, in consultation with the appropriate licensed dealer,
 20 shall notify the individual or business entity of any rebate owed to the individual or
 21 business entity as a result of this Act.

22 SECTION 4. AND BE IT FURTHER ENACTED, That this Act is an emergency
 23 measure, is necessary for the immediate preservation of the public health or safety,
 24 has been passed by a ye and nay vote supported by three-fifths of all the members
 25 elected to each of the two Houses of the General Assembly, and shall take effect from
 26 the date it is enacted.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.