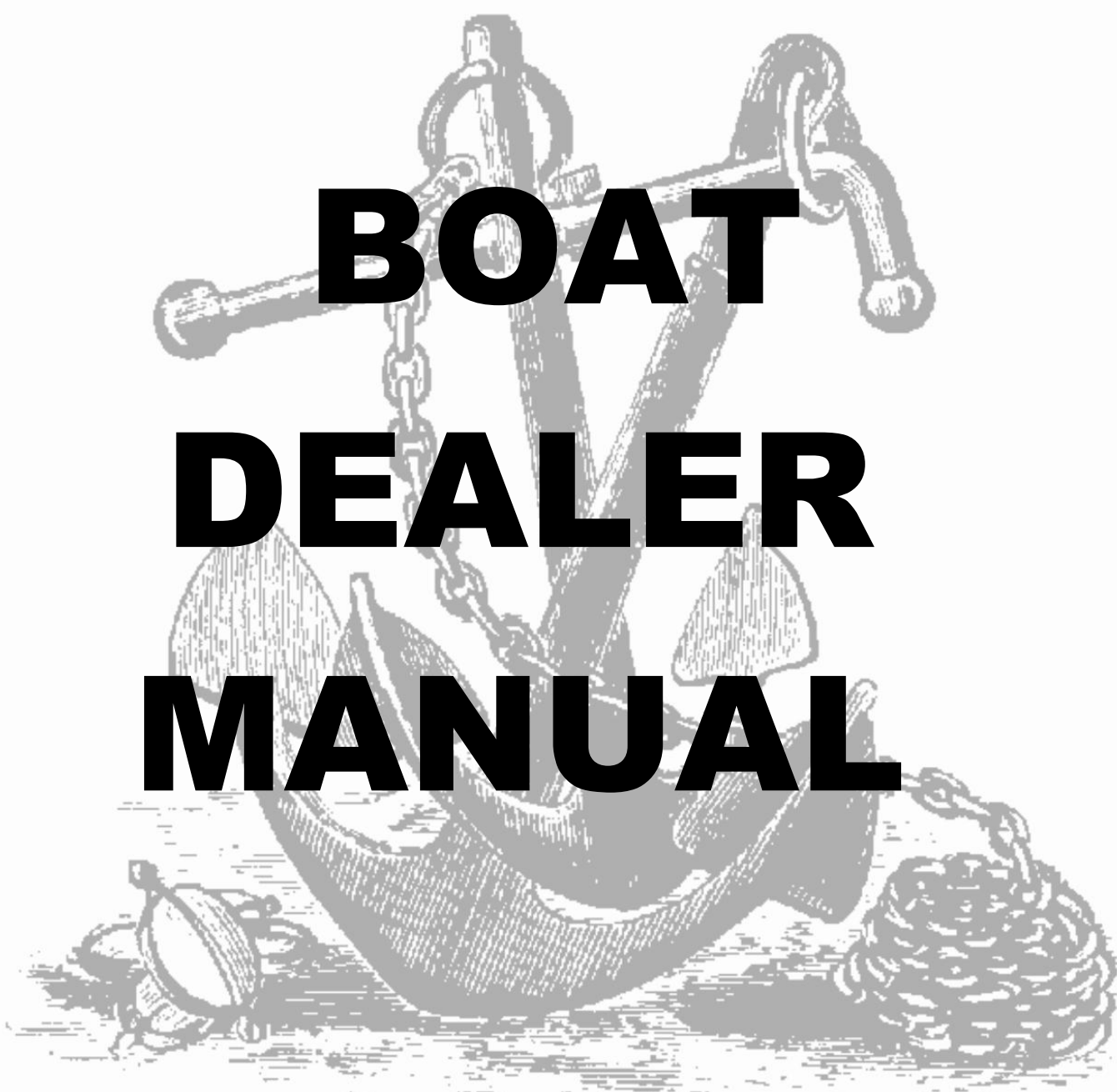




MARYLAND

**DEPARTMENT OF
NATURAL RESOURCES**

Licensing & Registration Service

A detailed black and white illustration of nautical equipment. In the center is a large anchor with a chain. To the left is a compass, and to the right is a coil of rope. The background is a light gray gradient.

**BOAT
DEALER
MANUAL**

Contents

INTRODUCTION	4
PURPOSE	4
GENERAL INFORMATION	4
BOAT SHOW TEMP	5
BONDING AND SURETY REQUIREMENTS	5
DEALER DEMONSTRATION NUMBERS	5
DISCIPLINARY PROCESS	6
DEALER LICENSING REQUIREMENTS	6
DEALER RECORDS	7
MARYLAND DEALER RESPONSIBILITIES	7
VESSELS	9
BROKERED VESSELS	9
DEALER’S DISCOUNT	9
EXTENSION REQUEST (prepayment)	9
FEDERAL DOCUMENTATION – U.S. COAST GUARD	10
HULL IDENTIFICATION NUMBER	10
NUMBER AND TITLING	12
PENALTY & INTEREST	13
SECURITY INTEREST	13
TEMPORARY CERTIFICATES OF NUMBER	13
TRADE-IN ALLOWANCE	14
TRAILER	16
TRANSMITTAL OF TAX AND FEES	16
TRUST (TITLED IN NAME OF TRUST)	17
VESSEL EXCISE TAX	17
GENERAL INSTRUCTIONS	18
ASSIGNMENT OF MD VESSEL NUMBERS	20
DNR FORM B-240	21
NEW VESSEL TO BE TITLED/REGISTERED IN MD	23
PRINCIPLE OPERATION IN MD – DOCUMENTED VESSEL	24

PRINCIPLE OPERATION OUTSIDE MD – NEW OR USED VESSEL.....	25
REPOSSESSED VESSEL.....	26
TEMPORARY REGISTRATION DECALS	27
TITLE – REPLACEMENT OR CORRECTION.....	28
USED VESSEL – TITLED IN MD: DEALER	29
USED VESSEL – TITLED IN MD: BROKERED	30
WARRANTY RETURN OF VESSEL.....	31
DEFINITIONS.....	32
APPENDIX A: DNR REGIONAL SERVICE CENTER INFO.....	36
LICENSING & REGISTRATION REGIONAL SERVICE CENTERS.....	36
LICENSING & REGISTRATION ADMINISTRATION.....	37
APPENDIX B: U.S. COAST GUARD CONTACT INFO	37
APPENDIX C: HULL IDENTIFICATION NUMBERS	38
APPENDIX D: DISPLAY of MARYLAND BOAT NUMBER.....	40
APPENDIX E: WATERWAY IMPROVEMENT FUND.....	41
APPENDIX F: BOAT DEALER AUDITS	42
DNR FORMS	45

INTRODUCTION

PURPOSE

It is the responsibility of Maryland licensed boat dealers to prepare applications for Maryland certificates of title and number on behalf of their customers, to collect from their customers all applicable taxes and fees, and to promptly forward the applications, taxes, and fees to the Department.

The purpose of this manual is to provide assistance to the dealer in the execution of those responsibilities. Revisions will be provided as needed. This manual supersedes and replaces all manuals existing prior to the revision date shown below.

GENERAL INFORMATION

Citations are from the Maryland Annotated Code, Natural Resources Article, Title 8 Waters, Subtitle 7 State Boat Act, unless otherwise noted, and are accurate at the revision date.

<http://www.mgaleg.maryland.gov> Go to “Laws” → “Statutes” → “Related Links” → “LexisNexis – Unannotated Code of Maryland” → Natural Resources → Title 8 Waters → Subtitle 7 State Boat Act

Maryland regulations can be found at
<http://www.dsd.state.md.us/COMAR/ComarHome.html>

The following websites may be helpful:

Maryland Department of Natural Resources
<http://www.dnr.maryland.gov>

National Association of State Boating Law Administrator
<http://www.nasbla.org/>

The facilities and services of the Maryland Department of Natural Resources are available to all without regard to race, color, religion, sex, sexual orientation, age, national origin, or physical or mental disability.

BOAT SHOW TEMP

- A special temporary is issued for transporting vessels to and from Maryland in-water boat shows.
- Not less than one week before the first date of transport, submit a written request (preferably by email) to the Director that includes:
 - Dates and location of the boat show
 - Description of each vessel to be transported - including Hull ID number
 - Dates of Transport

BONDING AND SURETY REQUIREMENTS

§8-710.1

- Dealers are required to provide the Department with a surety bond or other security deemed sufficient and adequate by the Department to guarantee payment of the taxes and fees collected on behalf of the Department.
- Bond should reference the address of the managing DNR Service Center. Example: Annapolis dealers only will use 160 Harry S Truman Pkwy, Annapolis address.
- Failure to remit revenue due to the Department will result in forfeiture of the bond or other security. Corporate officers are personally liable for any amount in excess of the bond payout.
- Cancellation of the surety by the bonding company or financial institution will result in automatic suspension of the dealer license.
- An annual review determines the amount of surety that must be provided for the next calendar year based on gross annual sales for the previous year of business. Required bond amounts can be found in COMAR 08.04.09.01.
- New dealers are required to provide surety in the amount of \$20,000 for their first license year.

DEALER DEMONSTRATION NUMBERS

§8-714

- Dealers can obtain “demo numbers” for the purpose of testing or demonstrating any new or used boats held in their inventory by submitting a written application to DNR.
- The quantity of demo numbers issued to a dealer will be determined by the Department (maximum of 5) and is based on both inventory size and the size of the sales force.
- A vessel displaying dealer numbers cannot be used for pleasure – only for testing or demonstration purposes.
- Dealer numbers cannot be used on charter, rental or leased vessels.

- Demo numbers should be affixed in a temporary manner and moved from vessel to vessel as needed.
- Demo numbers are not issued to dealers who operate solely as brokers.
- In order to demonstrate a brokered vessel, the dealer must ensure that the seller's registration or USCG document is current at all times the vessel is listed for sale.

DISCIPLINARY PROCESS

- Disciplinary action may be taken for the following reasons:
 - Failure to file [DNR Form B-207](#) monthly.
 - Failure to transmit tax and fees timely
 - Failure to provide required paperwork
 - Incomplete or inaccurate paperwork
 - Attempt to defraud
- Possible actions:
 - Verbal warning
 - Warning letter
 - Bond amount increased
 - Suspension of temporary registration privileges
 - Short-term suspension of dealer license
 - Long-term denial of dealer license
 - Criminal charges
 - *§8-739(b) Any person who violates §8-716.1 of this subtitle is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$10,000 or imprisonment not exceeding 5 years, or both.*

DEALER LICENSING REQUIREMENTS

§8-710

- A license is required in order to engage in the business of buying, selling or exchanging vessels in Maryland.
- §8-701(c)(1) defines “dealer” as any person who engages in whole or in part in the business of buying, selling, or exchanging new and unused vessels or used vessels, or both, either outright or on conditional sale, bailment, lease, chattel mortgage, or otherwise, and has an established place of business for sale, trade and display of vessels.
- A dealer must pay the \$50 annual license fee (effective January 1 through December 31) pursuant to §8-710(c) and ensure active/continuation of surety bond.
- §8-701(c)(2) also defines “dealer” as a yacht broker and a holder of a lien created under Title 16, Subtitle 2 of the Commercial Law Article who sells the vessel pursuant to that title (including a company commonly known as a lien and recovery company).

- The license, issued by the Department, is valid from January 1 through December 31 and must be displayed conspicuously in the dealer's place of business.
- A separate license is required for each location established by a dealer where selling activity takes place.

DEALER RECORDS

§8-719

- Every dealer must maintain for 3 years a record of any vessel the dealer purchased, sold, exchanged, or received for sale or exchange (Appendix F)
- This record shall be open to inspection by Department representatives during reasonable business hours.
- Audits are generally conducted:
 - every 3 years, as a general rule, or
 - when a business closes – “exit audit”, or
 - when a dealer fails to comply with MD laws and regulations
 - See Appendix F for recordkeeping requirements

MARYLAND DEALER RESPONSIBILITIES

The most current edition of the *MD Boat Dealer Manual* can be found on the DNR website www.dnr.maryland.gov

Forms → Maryland Boat Dealer Documents

- Dealer should possess a general knowledge of the laws and regulations pertaining to the numbering and titling of vessels and the collection of excise tax in Maryland.
- Dealer is responsible for training all employees involved in the sale of vessels and the preparation of applications.
- Collection and remittance of Maryland vessel excise tax is a contractual obligation of every licensed Maryland boat dealer pursuant to §8-716.1(a) of Maryland's State Boat Act
- Any dealer who fails to transmit vessel excise tax to the Department in a timely manner is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$10,000 or imprisonment not exceeding 5 years, or both, pursuant to §8-739(b) of Maryland's State Boat Act.
- Only those fees authorized by Maryland's State Boat Act can be charged for title and registration.

- A line item on the dealer purchase agreement and/or invoice entitled “DNR fees” (or similar wording indicating required State charges) cannot exceed those fees authorized by Maryland’s State Boat Act:
 - \$20 = title only
 - \$90 = \$20 title + \$70 registration
 - \$105 = \$20 title + \$70 registration + \$15 lien fee
- U.S. Coast Guard documented vessel
 - \$70 = documented use fee MD registered vessel
- Applications and reports required on Departmental forms must be prepared on the most current version of those forms and submitted timely with all taxes and fees due.
- Dealership records regarding the purchase, sale and transfer of vessels, collection and remittance of excise tax, titling and registration fees, and the issuance of temporary registration decals must be maintained for a period of three (3) years and be available for inspection during regular business hours by authorized representatives of the Department (Appendix F).
- The ability to issue numbers and temporary registration decals is a privilege. Failure to fulfill dealer responsibilities could result in suspension of that privilege.
- Dealer must immediately advise the Department of any changes to ownership or operation.
- If a dealer anticipates difficulty satisfying their contractual obligations to the State, they should immediately contact their managing Service Center.

§8-716.1(g) holds corporate officers personally responsible for tax, interest and/or penalties that have not been forwarded to the Department as required. Any person violating the provisions of §8-716.1 is guilty of a misdemeanor and, upon conviction, is subject to a fine not exceeding \$10,000 or imprisonment not exceeding 5 years, or both.

VESSELS

State of Principle Operation – The state on whose waters a vessel is operated or to be operated most during a calendar year.

- Determining the state in which a vessel must be numbered is based on “principal operation”, not residency.
- A motorized vessel must be numbered either with the specific state or jurisdiction in which the vessel is to be principally operated or documented with the U.S. Coast Guard.
- A vessel duly registered in another jurisdiction may use Maryland waters for a cumulative total of 90 days in a calendar year without being deemed principally used in Maryland.
- A vessel duly registered in another jurisdiction may use Maryland waters for longer than 90 days so long as the vessel is principally operated in another single jurisdiction more days than in Maryland.

BROKERED VESSELS

- Trade-in credit does not apply.
- Exempt from vessel excise tax while under brokerage so long as [DNR Form B-121](#) is submitted within 10 days of the signing of the brokerage agreement.
 - Must be duly registered in another jurisdiction or federally documented.
 - Vessel may only be used for a sea trial.
 - Mail [DNR Form B-121](#) to your managing service center location.

DEALER’S DISCOUNT

- Dealer may retain 1.2% of the tax collected when submitted to the Department within 30 days [Multiply gross tax due x 0.988].
 - Total due the Department = net excise tax + fees.

EXTENSION REQUEST (prepayment)

- When all required documentation is not available within 30 days of sale, collected vessel excise tax and fees must be forwarded to the Department along with:
 - [DNR Form B-240](#) marked “Tax Payment Only/Request for Extension”
 - Photocopy of:
 - Bill of Sale
 - Out-of-state registration or Certificate of Documentation (if applicable)

- [DNR Form B-241](#) Trade-In Verification (if applicable)
- An automatic 15-day extension will be granted.
 - Additional extensions may be granted at the Department's discretion.
 - Transaction will not be accepted if paperwork presented is insufficient to determine vessel excise tax liability and fees.

FEDERAL DOCUMENTATION – U.S. COAST GUARD

- A U.S. Coast Guard documented vessel operated principally in Maryland waters must satisfy Maryland's vessel excise tax requirement.
- A documented pleasure vessel with principal operation in Maryland must display MD documented use stickers. §8-712.1(a)(1)
- After the certificate of documentation is received by the Purchaser, they would submit a copy to the Department along with a [DNR Form B-240](#), vessel excise tax and \$70 fee to obtain biennial documented use decals. Taxes must be submitted within 30 days of purchase.
- If your customer has obtained an interim MD title and registration, once documentation is received, they must:
 - Remove MD numbers and registration decals.
 - Within 15 days, return the Maryland registration card and title to the Department with the notation "documented" and include a copy of their USCG documentation certificate, a [DNR Form B-240](#), and \$70 fee to obtain biennial documented use decals.

HULL IDENTIFICATION NUMBER

§8-711

U.S. Coast Guard Requirements

[33 CFR Part 181 Federal Register]

- The regulations requiring Hull Identification Numbers (HINs) for recreational boats are intended to provide a uniform positive identification of each boat manufactured in or imported into the United States.
- The Coast Guard uses the HIN to identify the safety standards that apply to a particular boat and in identifying specific boats involved in a defect notification campaign.

- States use the HIN to identify boats for State registration and titling.
- State marine police units and Federal law enforcement agencies (such as the FBI and National Crime Information Center) use the HIN to trace stolen boats.
- A hull identification number is required by the U.S. Coast Guard to be permanently affixed, engraved or embossed by the manufacturer or importer to the starboard half of the transom on the outboard or exterior side, so that it can be seen from the outside of the vessel, and on an unexposed location inside the boat or beneath a fitting or item of hardware.
- **HIN VERIFICATION**
 - 12-digit HINs
 - Prior to August 1, 1984
 - ABC123450883
 - XYZ45678M84A
 - August 1, 1984 and after
 - BMA45678H485
 - For any vessel that is offered for sale by your dealership, verify that the HIN recorded on the Certificate of Origin or the official ownership documents is the same as the HIN engraved on the vessel.
 - If the HIN does not match:
 - For a new vessel, obtain the correct Certificate of Origin from the manufacturer/importer.
 - For a used vessel, take a rubbing of the HIN and submit it to the Department stapled to the Application for Maryland Certificates or the Certificate of Title.
 - If vessel has no HIN, indicate “NO HIN” on application.
 - Include [DNR Form B-119](#) Affidavit signed by vessel owners. The Department will assign a Maryland (MDZ) hull identification number.
 - This is in addition to and does not replace the Maryland vessel registration number that has been assigned to that vessel.
 - This 12-digit hull identification number must be permanently affixed, engraved or embossed to the starboard half of the transom on the outboard or exterior side so that it can be seen from the outside of the vessel. It must also be permanently engraved on the interior of

the vessel.

- Model years 1973 to 1983 – HIN < 10 characters.
- Model years 1984 and beyond – HIN < 12 characters:
 - Tracing or photograph is required.
 - The Department will issue a 12-digit HIN.

NUMBER AND TITLING

§8-712

- All mechanically propelled, undocumented vessels principally operated in Maryland must be numbered by the Department of Natural Resources (33 CFR § 173.15) and must display a Maryland boat number and current registration decals in order to be used on Maryland waters.
- A vessel required to be numbered in Maryland must be titled by the Department before a certificate of number can be issued.
- Sailboats, rowboats and canoes without motors are exempt from the requirement to be numbered but may be numbered and titled at the owner's discretion.
- A vessel that is documented with the U.S. Coast Guard and principally operated in Maryland for pleasure must display a current Maryland documented use sticker.
- Documented commercial vessels principally operated in Maryland are liable for excise tax but are exempt from the requirement to display a use sticker.
- Vessels purchased or taken in trade by a dealer that are documented or numbered in a state other than Maryland must be titled in the dealership name within 15 days and cannot be offered for sale until they are titled in the name of the dealership. § 8-715(f)
- Vessels declared a total loss by an insurer must be retitled in insurer's name before resale to a salvage buyer to document the chain of ownership.
- All information recorded on certificates of title and number is taken directly from the *Application for Maryland Certificates (DNR Form B-240)*, prepared by the dealer. It is essential that the application be completed accurately and legibly.
- Unless directed otherwise by the purchaser, certificates of title and number are mailed to the vessel owner(s) at the address recorded on the [DNR Form B-240](#).

PENALTY & INTEREST

§8-716.1(d)(1)

- Failure to remit tax and fees within 30 days results in:
 - Forfeiture of 1.2% dealer discount.
 - 1.5% interest per month for each month or portion of a month tax is outstanding.
 - 10% penalty on the gross tax due.
 - 100% penalty when attempt to defraud.

SECURITY INTEREST

§8-729

- When any of the proceeds used by an individual to purchase a vessel have been borrowed, the lender may require that a lien be recorded on the Maryland title. In that case, it is important that the names of the purchaser(s) be recorded (perfected) on the Application for Maryland Certificates exactly as they appear on the loan agreement and the appropriate fee (\$15) paid.
- When a lien is recorded, a Notice of Security Interest Filing is created by the Department and mailed to the lien holder.
- The name and address of the lien holder is displayed on the Certificate of Title held by the owner of the vessel.
- A ship mortgage on a USCG documented vessel is recorded with the U.S. Coast Guard and will not be reflected on the Department record.

TEMPORARY CERTIFICATES OF NUMBER

§8-710.2

- A dealer is not required to issue Maryland vessel numbers.
- The Department grants qualified dealers the privilege of issuing Maryland vessel numbers and temporary registrations for vessels they have sold that are to be titled and registered in Maryland.
- A temporary certificate of number is valid for 60 days.
- Date of issuance = date of sale.
- Record each temporary certificate issued on [DNR Form B-207](#):
 - Affix one of the boat number stickers provided (do not hand write boat number on form). If the vessel was previously MD numbered, enter the MD # previously issued.

- Sales report must be legibly printed or typed in black/blue ink.
- Complete in full, sign and date.
- Due the 1st day after the end of the reporting month to your managing Service Center by fax or email. Report is considered late after the 15th of the month.
- Submit a Separate Report for each month. If no sales, check the “NO SALES” designated box.
- Report ALL sales, including vessels not primarily used in Maryland waters. When applicable, check the designated B-110 box. Mail [Form B-110](#) separately.
- Mail VOIDED decals with a signed explanation of the void to your managing Service Center. Check the designated VOID box.
- Retain copies of each report for your records.
- Call your managing Service Center if you have any questions
- Neither a temporary registration nor a vessel number may be issued unless Maryland’s vessel excise tax requirement has been satisfied and an application for Maryland title and registration completed and signed by the purchaser of the vessel.
- Only one temporary registration can be issued.
- Three violations of these provisions in any 12-month period will result in suspension of the privilege for six months. After reinstatement, a subsequent violation will result in suspension for one year.

TRADE-IN ALLOWANCE

§8-716(a)(3)(i)

- A licensed boat dealer may give vessel excise tax credit for the value of any vessel traded as part of the consideration for a sale (not brokerage transactions).
 - The trade and the purchase must be simultaneous transactions.
 - Individual receiving trade-in credit must be vessel owner of record at the time of the taxable event.
 - Select one of the following sources accepted by the Department as evidence of trade-in value:
 - BUC – average of retail low and retail high.
 - NADA – average retail.
 - Notarized closing statement containing:
 - Purchased vessel description (year, manufacturer, HIN, length)
 - Traded vessel description (year, manufacturer, HIN, length)
 - Boat registration number issued to traded vessel
 - Trade-in allowance given
 - (vessel and trailer listed separately)

- Date and signature of all parties to the sale
- Survey by a NAMS [National Association of Marine Surveyors] or SAMS [Society of Accredited Marine Surveyors] marine surveyor, certified under penalty of perjury (converted to trade-in value at 80% of market/resale value).
- [DNR Form B-240](#) – Section 4 – include the total purchase price, the amount of the trade, and the adjusted purchase price.
- The dealer must complete and submit the *Trade-In Verification Statement* with the application for the newly purchased boat, along with:
 - Photocopy of valuation page from the most current edition of the reference source (with the valuation underlined) or copy of survey.
- If the trade-in vessel was registered in another jurisdiction documented:

§8-715(f) requires that a Maryland boat dealer title the vessel in the name of the dealership within 15 days of acquisition. Vessel cannot be offered for sale until titled in dealer's name.

Titling for resale is tax exempt.

Submit ownership confirmation:

- Certificate of Documentation/Abstract of Title.
- Original title or copy of registration.
- Copy of boat record from registration state.

- Calculation of vessel excise tax for a boat with a trade-in:

\$10,000.00	Total purchase price	
(\$3,000.00)	less Trade-In value	
\$ 7,000.00	Adjusted purchase	
	x 0.0494	Tax rate less 1.2% dealer discount
\$	345.80	Tax due to the Department

- Ordered vessel – Credit may be given for a vessel traded on a new vessel yet to be built so long as documentation substantiates a simultaneous transaction. These additional documents will be required when titling the new vessel:
 - Trade-In Verification Statement.
 - Copy of ownership document for the traded vessel (title, certificate of documentation, or registration card for non-title states).

- Evidence of simultaneous transaction that references the traded vessel (copy of signed invoice, new boat order, purchase contract, etc.).

TRAILER

- Purchase price of the trailer should be recorded separately on the bill of sale.
- Trailer must be registered with, and appropriate tax paid to the MD Motor Vehicle Administration (or equivalent agency).
- Contact the Maryland Motor Vehicle Administration at <http://www.mva.maryland.gov>.

TRANSMITTAL OF TAX AND FEES

- Must be received by the Department within 30 days of the date of sale.
 - Count is 30 days from date of sale – not 1 month!
 - If the 30th day falls on a weekend, payment is due the next business day.
 - Taxable event is the earlier of:
 - Purchaser takes delivery with intended principal use in MD
 - Temporary registration is issued
 - Vessel's entry into Maryland for principal use
 - Full payment received (cash, trade, loan proceeds)
 - Transfer of ownership
 - "Sale" consists in the passing of title from the seller to the buyer for a price (UCC §2-106) and, unless explicitly agreed, title passes to the buyer at the time and place at which the seller completes performance (UCC §2-401).
 - Transaction will not be accepted if the paperwork presented is insufficient to determine vessel excise tax liability and fees.
 - The 30 days are intended to allow time for receipt of all documents and for funds to clear.
 - A missing or illegible postmark will be considered received timely if the envelope is received by the Department within 33 days from the taxable event.

TRUST (TITLED IN NAME OF TRUST)

- Submit copy of those portions of the trust document that identify the trust and the trustee(s)' authority, along with the signature page when selling a vessel that is titled in the name of a trust.
- Trust document must give signatory authority to transfer assets.
 - *SAMPLE: Trustee(s) under this Trust Agreement are authorized to acquire, sell, convey, encumber, lease, borrow, manage and otherwise deal with interest in real and personal property in the Trust's name.*
 - Trust may reference the Annotated Code of Maryland, Estates & Trusts, Title 15 Fiduciaries, Subtitle 1 General Provisions, §15-102(b)(3)(c).

VESSEL EXCISE TAX

Vessel excise tax exempt

- A vessel titled in the dealer's name is exempt from vessel excise tax only when held for resale or rental/lease.
 - Maryland registration decals will not be issued for a vessel titled in the dealer's name unless the vessel excise tax has been paid.
 - Boats owned by a dealer for rental or lease are exempt from vessel excise tax but must comply with the requirements for boat livery operation in COMAR 08.04.08 (recordkeeping, lifesaving and safety equipment, etc.).
- ***Used vessels in dealer inventory***
 - When a dealer acquires a vessel (via trade or purchase) that is documented or numbered in another state, the dealer must secure title in their name within 15 days and may not offer the vessel for sale until title is in the name of the dealership [§8-715(f)].
- ***Sale of vessels to be used principally in Maryland***
 - Pursuant to §8-710.3(a), Maryland **vessel excise tax** must be collected on all sales of vessels to be titled and numbered and on all sales of vessels to be federally documented with intended principal operation in Maryland.
 - Due whether the vessel is to be registered with the U.S. Coast Guard or with the State of Maryland.
 - Calculated at 5% of total purchase price, tax cap applies.

- A manufacturer's rebate is taxable.
 - All inbound freight charges are taxable (cost of transport from manufacturer or seller to boat dealer).
 - Delivery charges to the end purchaser are not taxable [§11-101(j)(e)(i) Tax-General].
 - Accessories (excluding trailers) are included in the sales price of the vessel if they are purchased at the same time the boat is purchased.
 - On audit, the dealer must be able to provide proof that either sales tax was collected, or the cost of the accessories was included in the purchase price for the purchase price for vessel excise tax purposes.
- ***Sale of vessels to be used principally Outside of Maryland***
 - Maryland vessel excise tax is not due and is not required to be collected on the sale of vessels that are to be used principally outside the State of Maryland.
 - A [DNR Form B-110](#) *Certification of State of Principal operation* must be completed and certified to by the dealer and all purchasers at the time the purchase is finalized.
 - A [DNR Form B-110](#) is not required when the vessel, the buyer and the seller are all located out of state.
 - Original [DNR Form B-110](#) must be forwarded to your managing service center location within 30 days in lieu of the application for Maryland Certificate.

GENERAL INSTRUCTIONS

- A. **Payment** for a dealer transaction must be cash, a dealer check, or a dealer credit card. The Department cannot accept payment drawn on the purchaser's account or that of another entity because the dealer bond would not then protect the Department in the event of default.
- B. **Dealer number** must be recorded on all forms where requested.
- C. **Type or print legibly in black or blue ink** on all applications, certificates, forms, etc.

1. Alterations and/or erasures will void official documents.
 2. All information recorded on certificates of title and number is taken directly from [DNR Form B-240](#). It is essential that all applicable data items on the application are completed entirely, accurately, and legibly.
- D. Ensure that all required paperwork is available, dated and **signed by all owners**. All documents should contain full and complete legal names and signatures – first name, full middle name, last name, any suffix (Jr., Sr., etc.) as displayed on a driver's license or other standard form of identification.
1. Vessel excise tax and applicable fees.
 2. [DNR Form B-240](#) or executed reverse of title.
 3. Original certified Bill of Sale (vessel description, purchase price, purchase date, purchaser's name, signature of all owners/sellers).
 4. Transfer of ownership.
 - i. **Registered** vessel
 1. Original title (properly executed on reverse), registration card (if not title State) or official State record.
 2. Original certified Bill of Sale (description, purchase price, date) if the reassignment does not contain all elements.
 - ii. **Documented** vessels
 1. Copy of USCG stamped Bill of Sale (description, purchase price, date).
 2. Copy of current USCG Certificate of Documentation.
 3. USCG Abstract (\$25 from the USCG National Vessel Documentation Center -- see Appendix B).
 4. Satisfaction of mortgage if Abstract indicates ship mortgage
 5. Original Power of Attorney.
 6. Original Discharge of Security Interest required (when applicable) or USCG Abstract showing ship mortgage has been released.
- E. Applications may be mailed or hand-carried to the Service Center upon making an appointment.
- F. A maximum of 3 applications can be presented at the Service Center for immediate processing. Additional transactions can be left for processing.

ASSIGNMENT OF MD VESSEL NUMBERS

EXCISE TAX AND FEES MUST BE COLLECTED *BEFORE* NUMBER IS ISSUED.

NUMBERS MUST BE ISSUED IN NUMERIC SEQUENCE

- **New** vessels – issue a number
- **Used** vessels
 - If MD registered, use the existing MD boat number. If registered elsewhere, issue a MD boat number.
 - NOTE: If the Department discovers that the vessel was previously registered in Maryland, Purchaser will have to use the existing MD boat number, not the number issued by the dealer.
- **Dealership** transaction
 - Title only – you may issue a number
 - Not applying for title – do not issue a number
- *Contact DNR when purchase is intended for **rental or lease**. (A special registration number is required.)*

[DNR Form B-207](#) VESSEL NUMBER REPORTING FORM

- Record boat numbers and decal numbers issued in consecutive order
- Request electronic form from your managing Service Center
- Forward to managing service center by the 1st of each month (fax, or email)
 - Submit a separate form for each month
 - Complete in full, sign and date – must be legible, black/blue ink only
 - If no sales, check the “NO SALES” designated box.
 - Will be considered late if not received by 15th of the month
 - Report all sales, including vessels not primarily used in Maryland waters. When applicable, check the designated B110 box. Mail [Form B-110](#) separately.
 - Mail VOIDED decals with a signed explanation of the void to your managing service center. Check the designated VOID box.
 - Retain a copy for your records

USE OF MD NUMBER STICKERS PROVIDED

- [DNR Form B-207](#)
 - Do not hand write boat number – use stickers provided!
- Sale of new vessel
 - Affix 1st sticker in the [B-240](#) upper right corner -- top page(white)
 - Affix 2nd sticker to customer copy

- Affix 3rd sticker to [DNR Form B-207](#) - Complete vessel information; purchaser's information; issue date; purchase price.

➤ ***Dealership transactions – title only***

- Affix 1st sticker in the upper right corner of the top page (white) of DNR Form B-240
- Affix 2nd sticker to the [DNR Form B-207](#). Complete vessel information; write purchase by dealer for purchaser's information
- Affix 3rd sticker to [DNR Form B-240](#) dealer file copy

[DNR FORM B-240](#)

Record the MD boat number issued or USCG number in boxes provided in upper right corner.

➤ Indicate type of transaction

(vessel may be MD numbered while awaiting USCG documentation)

- MD *registered* vessel
 - Title only
 - Registration only
 - Title & registration
- *Documented* vessel
 - Decal only
 - Tax payment and decal
- *Extension request* – tax payment only

➤ Section 1 – Owner information

- Full name (including full middle name and any suffix)
- Date of birth
- Mailing Address, including city, state, zip and county
- Social security number (last 4 only) or FIN
- Driver's license number and state of issue
- Gender
- Email address for each owner
- Daytime Phone Number for each owner
- Ownership Type (more than one owner):
 - Tenants in Common: Ownership share becomes an asset of the estate of the deceased
 - Joint Tenants with Rights of Survivorship - Surviving owner receives full ownership

➤ Section 2 - Vessel information

- Vessel information must match vessel description on title or USCG documentation
- Note whether "new" or used"
- "Date of purchase = date of taxable event
- "Date of purchase" and "date vessel entered MD" determine whether penalty and interest are due
- Hull identification number must match HIN on vessel title (used vessel) received from seller or Certificate of Origin (new vessel)
- Length is represented on USCG documents in decimal format. Maryland records length in feet and inches. When completing the [DNR B-240](#) for previously documented vessels, use the conversion chart below:

USCG	0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9
Maryland	1"	2"	3"	5"	6"	7"	8"	9"	11"

➤ Section 3 - Security Interest Information

- Required only when a lien is to be recorded
- Security interest filing will be mailed to the address provided.

➤ Section 4 – Taxes and fees (must be received by DNR within 30 days of taxable event) -- separate check required for each transaction

- Purchase price
 - Includes motor, accessories and freight-in
 - Does not include prep charges or discount
 - Rebate is subject to vessel excise tax
 - Trailer should be listed on the purchase agreement/invoice, and is taxed upon titling with MVA
- Enter trade-in credit (when applicable)
- Enter trade-in hull ID# in Section 5
- 5% vessel excise tax on purchase price -- tax cap applies
- \$20 title fee
- 2-year decal
 - *Registered vessels*
 - \$70 Maryland registration decal (regardless of vessel length or engine HP)

- *Documented* vessels
 - \$70 documented use decal
 - \$15 security interest filing fee (if lien is to be recorded)
 - Penalty
 - 10% penalty assessed if taxes and fees are not paid within 30 days of taxable event
 - 100% penalty assessed where fraud is evident
 - Interest §8-716.1(d)(1)
 - 1.5% per month or fraction of a month from the time the tax was due until paid.
- Section 5 – Dealers Only
 - Enter dealer number
 - Check if brokerage sale
 - Complete when appropriate:
 - Temporary decal #
 - Trade-in hull ID#
 - If requesting extension:
 - Provide reason (missing data due within 15 days)
 - Dealer must sign below owners in Section 6
- Section 6 – Certification -- must be signed by all owners or authorized persons.

NEW VESSEL TO BE TITLED/REGISTERED IN MD

[DNR Form B-240](#) Sections 1, 2, 3, 4, 5 and 6

Manufacturer's Certificate of Origin

- Complete the first assignment
 - Name and address of the purchaser(s)
 - Any lien information
 - Date
 - Dealer's signature
 - Dealer number
 - Gross purchase price
 - Recorded to the left of the assignment or beside the transfer section on the Certificate of Origin.
 - If the purchase price is not shown on the Certificate of Origin, an original certified Bill of Sale or original signed dealer invoice is also required.

Transfer to another dealer for resale

- Complete first assignment
- New dealer will use the second assignment for the purchaser(s)

PRINCIPLE OPERATION IN MD – DOCUMENTED VESSEL

NEW VESSEL TO BE DOCUMENTED

TO OBTAIN INTERIM MARYLAND REGISTRATION

- [DNR Form B-240](#)
- Original Certificate of Origin
- Original Bill of Sale or Official USCG Stamped Bill of Sale
- Original Power of Attorney (if applicable)
- Remit Maryland vessel excise tax and fees due
- Once Certificate of Documentation is received:
 - Advise purchaser(s) that they must apply to DNR for documented use decals after receiving their USCG Certificate of Documentation.
 - Dual registration is prohibited by law. If vessel owner has secured MD title and registration while awaiting documentation, they must submit a copy of current documentation and surrender the Maryland title and registration certificate.

USED VESSEL -- PREVIOUSLY DOCUMENTED

TO OBTAIN DOCUMENTED USE STICKERS

- [DNR Form B-240](#)
 - Mark "Tax Payment and Decal"
 - Complete Sections 1, 2, 3 (if applicable), 4, 5 and 6
- Copy of the certificate of documentation
- USCG Abstract of Title
- Original certified Bill of Sale
- Original Power of Attorney (if applicable)
- Remit Maryland vessel excise tax and \$70 use decal fee

PRINCIPLE OPERATION OUTSIDE MD – NEW OR USED VESSEL

- [DNR Form B-110](#)
 - Vessel description
 - Vessel owner(s) information
 - Dealer’s certification
 - Owner’s certification
 - Retain dealer’s copy
 - Give copy to purchaser
 - Forward original and 2nd copy to your managing service center location

- Owner will be required to attest to the specific location of principal operation

*Citations are from the
Maryland Annotated Code, Natural
Resources Article, Title 8 Waters, Subtitle
7 State Boat Act*

§8-701(p) State of Principal operation – “State of principal operation” means the state on whose waters a vessel is used or to be used most during a calendar year (January 1 through December 31).

§8-701(r) Use – “Use” means to operate, navigate, or employ a vessel. A vessel is in use whenever it is upon the water, whether it is moving, anchored, or tied up to any manner of dock or buoy. A vessel is also in use if it is kept in any structure in readiness for use.

§8-716(e)(8)(i) A vessel is not deemed used on the waters of the State if the vessel is used for 90 days or less of a calendar year.

§8-716(3) A vessel is not considered to be in use for any period of time that it is held for maintenance or repair for 30 consecutive days or more.

§8-716(k)(1) ... a vessel is deemed to be held for maintenance or repair if:

- (i) The maintenance or repair work is provided in exchange for compensation;
- (ii) The maintenance or repair work is performed pursuant to a schedule pre-established with one or more marine contractors; and
- (iii) The total cost of the maintenance or repair work is at least two times the reasonable current market cost of docking or storing the vessel.

REPOSSESSED VESSEL – file within 30 days of repossession

If the name of the lienholder repossessing the vessel is different from the recorded lienholder, include written explanation on company letterhead.

LIENHOLDER TO TITLE REPOSSESSED VESSEL IN LIENHOLDER'S NAME

- **MD titled vessel**
 - DNR Form B-122 or [DNR Form B-106](#)
 - Title fee
- **Out-of-state titled or untitled vessel**
 - [DNR Form B-106](#)
 - [Form B-240](#) marked "title only"
 - Copy of lien agreement
 - True test copy of the State's official vessel record
 - Title fee
- **Documented vessel**
 - Original USCG abstract or current USCG Deletion of Documentation
 - USCG Affidavit of Repossession or current USCG Deletion of Documentation
 - [DNR Form B-106](#)
 - [DNR Form B-240](#)
 - Title fee

LIENHOLDER TO TRANSFER OWNERSHIP DIRECTLY TO THE PURCHASER

- **MD titled vessel**
 - DNR Form B-122 or [DNR Form B-106](#)
 - Vessel excise tax and fees
- **Out-of-state titled or untitled vessel**
 - [DNR Form B-106](#)
 - [DNR Form B-240](#)
 - True test copy of official state vessel record
 - Copy of lien agreement
 - Vessel excise tax and fees
- **Documented vessel**
 - [DNR Form B-240](#)
 - Original USCG abstract or current USCG Deletion of Documentation
 - USCG Affidavit of Repossession or current USCG Deletion of Documentation
 - Original certified Bill of Sale containing date, purchase price, vessel description, purchaser's name, seller(s)' signature

TEMPORARY REGISTRATION DECALS

ISSUANCE

- May be issued for any vessel sold that is to be titled in Maryland
- Valid for 60 days
- Only 1 temporary can be issued by a Dealer for each vessel
- Additional temporary can only be secured from DNR
- Record preprinted decal control number and current date on the same line of [Form B-207](#) as the boat number
- Expiration date must be recorded on decal in permanent ink using the format MM/YY (i.e., 10/04)

Month of issuance	1	2	3	4	5	6	7	8	9	10	11	12
Expiration month	3	4	5	6	7	8	9	10	11	12	1	2

Example: The temporary registration for a vessel sold in July (**7**) would expire in September (**9**).

NEW VESSELS

- Issue temporary decals
- Complete the temporary registration card (DNR B-107A)
- Record boat number, decal's preprinted decal control number, current date and name and address of the purchaser on [Form B-207](#)

VESSEL WITH EXISTING MD BOAT NUMBER

- Issue temporary decals
- Complete the temporary registration card (DNR B-107A)
- Record existing boat number, decal's preprinted decal control number, current date and name and address of the purchaser on [Form B-207](#)

TITLE – REPLACEMENT OR CORRECTION

REPLACEMENT TITLE

- Complete [DNR B-108](#)
 - Maryland vessel number
 - Name and address of owner(s)
 - Check appropriate block under “Items”
 - Fill in applicable fees
 - State reason for application
 - Signature of owner(s) and date
 - Power of Attorney (if applicable)

CORRECTED TITLE

- Original incorrect certificate of title
- Complete [DNR B-108](#)
 - Maryland vessel number
 - Name and address of owner(s)
 - Check appropriate block under “Items”
 - Fill in applicable fees
 - State reason for application
 - Note required corrections
 - Signature of owner(s) and date
 - Power of Attorney (if applicable)
- Change(s) and/or correction(s)
 - New vessel
 - Replacement Manufacturer’s Certificate of Origin is required to change the hull identification number (HIN), length and/or hull material
 - Used vessel
 - A tracing of the hull identification number (HIN) is required to change the HIN, manufacturer and/or model year
- The Department may request additional support documentation as needed.
- Replacement and corrected titles are mailed to the vessel owner(s) at the address on file with DNR.

USED VESSEL – TITLED IN MD: DEALER

that has been taken in trade or purchased by dealers

Maryland titled vessel

- Complete assignment section on MD title
- Record name of dealership as purchaser
- Record “N/A” in the space provided for purchase price
- All owners of record must sign and date the assignment of title (unless a Power of Attorney applies)
- When vessel is sold
 - Complete dealer’s reassignment and the purchaser(s)’ application for certificates section, recording all requested information
 - Must contain name(s) and address(es) of all purchasers
 - Must include dealer #
 - Include lien and registration information
 - All purchaser(s) must sign and date title in the certification block at bottom of title
 - Attach the Discharge of Security Interest (if applicable)
 - Attach original Power of Attorney (if applicable)
 - Calculate vessel excise tax and fees due

Out-of-state titled or untitled vessel

- Vessels, other than MD titled vessels taken in trade or purchased outright by a dealer, must be Maryland titled IN THE DEALER’S NAME within 15 days of acquisition and before the vessel is offered for sale.
- Complete [DNR Form B-240](#)
- Must include dealer #
- Title fee is due
- No vessel excise tax is due on vessels held for resale
- Original out-of-state title signed by all sellers and assigned directly to the dealer must accompany the application for MD title.
- An original release of lien is required if a lien is recorded on the title.
- If untitled:
 - The out-of-state registration certificate or a true test copy of that State’s official vessel record.
 - Original certified Bill of Sale or agreement transferring the vessel from the seller to the dealer must accompany the application for MD title.
- New title in dealer’s name will be used to transfer the vessel when sold.

USED VESSEL – TITLED IN MD: BROKERED

Maryland titled vessel

- Seller(s) must complete, sign and date the assignment of title
- Dealer enters dealer license number in the appropriate area of the Dealer's reassignment, signs where appropriate.
- Purchaser(s) must complete the application for certificates
 - Purchase price
 - Name(s)
 - Address(es)
 - Registration information
 - Lien information (if applicable)
- Ensure that **all** purchaser(s) have signed and dated the title in the certification area
- Attach a Discharge of Security Interest (if applicable)
- Attach original Power of Attorney (if applicable)
- Submit appropriate vessel excise tax and fees

Out-of-state vessel

- Titled
 - Original out-of-state title required
 - Must be signed by all sellers
 - Must be assigned directly to the purchaser(s)
 - [DNR Form B-240](#) Complete sections 1, 2, 4, 5 and 6
 - For a security interest filing, complete section 3 of [DNR Form B-240](#)
 - Attach an original release of lien (if applicable)
 - Attach original Power of Attorney (if applicable)
 - Submit appropriate vessel excise tax and fees
- Untitled
 - Registration certificate or true test copy of the State's official vessel record in the seller's name is required
 - [DNR Form B-240](#) Complete sections 1, 2, 4, 5, and 6
 - For a security interest filing, complete section 3 of Form B-240
 - Attach an original certified Bill of Sale
 - Attach original Power of Attorney (if applicable)
 - Submit appropriate vessel excise tax and fees

Documented vessels

- [DNR Form B-240](#)
- Copy of Certificate of Documentation
- USCG Abstract
- Satisfaction of mortgage if Abstract indicates ship mortgage
- Copy of Bill of Sale with USCG stamp indicating gross purchase price.

WARRANTY RETURN OF VESSEL

REPLACED

- Returned vessel title must be signed over to manufacturer by owner(s)
 - Complete assignment of title to dealer/manufacturer
 - Forward title, registration card, decals, and \$20 title fee to DNR for issuance of a new title
- To title/register replacement vessel:
 - [DNR Form B-240](#)
 - Original Certificate of Origin
 - Original certified Bill of Sale (if applicable)
 - [DNR Form B-102](#) Manufacturer's Affidavit of Replacement Under Warranty completed by manufacturer
 - Credit will be given for vessel excise tax paid on the original vessel, but additional vessel excise tax will be due if the replacement vessel has a higher value than the replaced vessel (even when no additional money is paid)
 - Lienholder authorization to remove lien from original vessel and transfer to replacement vessel. Authorization must clearly identify both vessels

NOT REPLACED

- Submit manufacturer's statement
 - Vessel has been returned under warranty
 - Will not be replaced
 - Sale is cancelled
- Complete assignment of title transferring ownership back to dealer/manufacturer
- Forward registration card and decals to DNR for cancellation

DEFINITIONS

30 days – A dealer must transmit tax and fees collected to the Department within 30 days of receipt – **not** 1 month. If the 30th day falls on the weekend, monies must be received by the Department by the following Monday. The day immediately following the sale is Day 1.

Abstract of title – The U.S. Coast Guard record of vessel history containing all bills of sale, mortgages, and notices of claim of lien.

Bill of Sale – Document executed by the seller transferring title containing:

- Transaction details
 - Seller's name and address
 - Purchaser's name and address
 - Purchase date
 - Detailed vessel description (year, make, length, HIN, boat number)
 - Gross purchase price of the vessel (less trailer value)
- Certification under penalty of perjury
 - SAMPLE: I declare and affirm under penalty of perjury that the facts in this Bill of Sale are true and correct.

Certificate – Any certificate of number or title issued.

Certificate (MCO) or Statement of Origin (MSO) – The manufacturer's or importer's document of "title" which establishes ownership of a vessel and provides for the transfer of that ownership progressively from the manufacturer or importer to the dealer and purchaser.

Co-owners – When more than one individual holds the title to a vessel. Vessel is assumed to be jointly and equally owned unless stated otherwise. Signatures of all owners are required to transfer ownership or request a replacement title.

Dealer

§8-701(c)(1) defines "dealer" as any person who engages in whole or in part in the business of buying, selling, or exchanging new and unused vessels or used vessels, or both, either outright or on conditional sale, bailment, lease, chattel mortgage, or otherwise, and has an established place of business for sale, trade, and display of vessels.

§8-701(c)(2) also defines "dealer" as a yacht broker and a holder of a lien created under Title 16, Subtitle 2 of the Commercial Law Article who sells the vessel pursuant to that title (including a company commonly known as a lien and recovery company).

Dealer demonstration numbers – Maryland vessel “demo” numbers assigned to dealers for the purpose of demonstrating or testing vessels owned by the dealer that are held for resale.

Dealer discount – 1.2% of the gross vessel excise tax collected when received by the Department within 30 days (not one month) -- retained by the dealer as compensation for collecting the tax.

Department – The Maryland Department of Natural Resources.

Documented vessels – A vessel that has been documented by the U.S. Coast Guard and issued a valid marine certificate. Commercial vessels weighing 5 net tons or more or any commercial vessel 30’ or more in length (unless exemption is granted by the U.S. Coast Guard) must be documented. Yachts or pleasure vessels may be documented at the owner’s request.

Fair market value

Dealer sale – the total purchase price as certified by the dealer on a form acceptable to the Department.

All other transactions – either (a) total purchase price verified by an original certified Bill of Sale approved by the Department, or (b) valuation shown in a national publication of used vessel values adopted by the Department (when Bill of Sale does not exist or is more than 3 years old).

Hull identification numbers (HIN) – The unique vessel identification number, consisting of a minimum of 12 characters, required by federal law to be assigned by the manufacturer.

Lienholder – A person or business that holds a security interest in a vessel.

Manufacturer – Any person engaged wholly or in part in the business of building, assembling, manufacturing or importing new and unused vessels, or new and unused outboard motors.

Marine repair contractor – A person or entity engaged full-time in the business of providing maintenance, repair, or similar services to vessels.

Penalty & interest – The State Boat Act requires assessment of a 10% penalty when vessel has not been registered within 30-days of taxable event, as well as interest at 1.5% per month. Penalty is assessed at 100% when evidence of fraud exists.

Power of attorney – Legal document whereby an individual (the principal or grantor) conveys to another (grantee) the right to act on their behalf as attorney-in-fact. May be used on any document requiring the individual’s signature (grantee would sign grantor’s name and then grantee’s name as Power of Attorney/POA). Original required.

Purchase price – The total price of a vessel at the time of sale, including motor, accessories, freight-in (boat dealers only), duty (if any), and excluding the price of a trailer.

Preparation charges are not taxable.

Registered – Denotes vessel that displays State numbers and registration decals.

Renewal – Process of renewing biennial vessel registration (expires December 31 of the year following issue). A renewal notice is sent to address of record approximately one month before expiration.

Resident – An individual whose fixed, permanent and principal home for legal purposes is located in the State of Maryland.

Sale – The passing of title from the seller to the buyer for a price.

Security Interest – An interest or lien that is reserved or created by an agreement which secures payment or performance of an obligation and is generally valid against third parties.

State of principal operation – The state on whose waters a vessel is principally operated or to be principally operated most during a calendar year (January 1 through December 31).

A vessel duly registered in another jurisdiction may use Maryland waters for a cumulative total of 90 days in a calendar year without being deemed principally used in Maryland.

A vessel duly registered in another jurisdiction may use Maryland waters more than 90 days in a calendar year so long as the total days in Maryland waters is less than the total days spent in the “principal operation” jurisdiction.

Titled – Term denoting vessels assigned a State number and issued certificate of title, which is the legal documentation of ownership issued by the State of Maryland.

Trade-in value – Monetary value of vessel accepted as partial payment on the purchase of another vessel pursuant to §8-716(a)(3)(i) of Maryland’s State Boat Act.

The Department accepts the following sources as evidence of trade-in value:

- BUC Book – may not exceed average of retail low and retail high
- N.A.D.A. – may not exceed average retail
- Survey by a NAMS or SAMS marine surveyor, certified under penalty of perjury (converted to trade-in value at 80% of market/resale value)
- Notarized closing statement with full description of trade-in vessel and vessel being purchased

Trade-in vessel – A vessel acquired by a dealer as part of the consideration for a sale.

Undocumented vessel – A vessel not required to be documented by the U.S. Coast Guard and for which a valid USCG marine document has not been issued.

Use – §8-701(r) -- The operation, navigation or utilization of a vessel. A vessel is “in use” whenever it is upon the water, whether it is moving, anchored or tied up to any manner of dock or buoy. A vessel is also in use if it is kept in any structure in readiness for use. A vessel stored on a trailer or in dry stack storage in Maryland is considered to be in readiness for use.

Use decal – Biennial sticker issued to U.S. Coast Guard documented vessels with principal operation in Maryland waters.

Vessel – Every description of watercraft, including an ice boat but not including a seaplane, that is used or capable of being used as a means of transportation on water or ice (includes the motor, spars, sails and accessories of a vessel).

Vessel excise tax – Tax imposed at the time of taxable event on all vessels used principally in Maryland. See §8-716(e) of Maryland’s State Boat Act for exemptions.

Vessel number – Number assigned to undocumented vessels with principal operation in MD in accordance with the USCG National Vessel Registration System. The number consists of the letters “MD” followed by up to four numbers and up to 2 letters (the letters “I”, “O” and “Q” are not used.) Ex: MD 1234 AB.

Yacht broker – Person who brings together a willing buyer and a willing seller for profit but does not take ownership or possession of the vessel(s).

Waters of the State - 8-701 (t) -- Any water within the jurisdiction of the State, the marginal sea adjacent to the State, and the high seas when navigated as part of a ride or journey to or from the shore of the state.

APPENDIX A: DNR REGIONAL SERVICE CENTER INFO
LICENSING & REGISTRATION REGIONAL SERVICE CENTERS

Open by Appointment only Monday thru Friday 8:30 a.m. – 4:30 p.m. (except State holidays)

ANNAPOLIS

160 Harry S. Truman Pkwy
P.O. Box 1869
Annapolis MD 2140-1869
(410) 260-3220
(410) 260-3281 Fax

Colleen Armstrong, Manager
colleen.armstrong@maryland.gov
(410) 260-3230

BEL AIR

501 W. MacPhail Rd. #2
Bel Air MD 21014
(410) 836-4550
(410) 836-4562 Fax

Brenda Scarborough, Manager
brenda.scarborough@maryland.gov
(410) 836-4577

CENTREVILLE

120 Broadway Avenue Suite 5
Centreville MD 21617
(410) 819-4100
(410) 819-4110 Fax

Erica Thomas, Industry Liaison
erical.thomas@maryland.gov
(410) 819-4104

Christopher Harrison, Manager
christopher.harrison@maryland.gov
(410) 819-4101

FREDERICK

1601 A Bowmans Farm
Road Frederick MD 21701
(240) 236-9950
(240) 236-9953 Fax

Sue Wilfong, Manager
susan.wilfong@maryland.gov
(240) 236-9952

SALISBURY

251 Tilghman Rd. Rm #2
Salisbury MD 21804
(410) 713-3840
(410) 713-3849 Fax

Teresa Bundick, Industry Liaison
teresa.bundick@maryland.gov
(410) 713-3842

Monica O'Neill, Manager
monica.oneill@maryland.gov
(410) 713-3841

SOLOMONS

14175 Solomons Island Rd., S
P. O. Box 1309
Solomons, MD 20688
(410) 535- 3382
(410) 535-4737 Fax

Lindsay Kreuter, Industry Liaison
lindsay.kreuter@maryland.gov
(240) 607-5856

LICENSING & REGISTRATION ADMINISTRATION

Margie MacCubbin, Director

501 W. MacPhail Road

Bel Air MD 21014

margie.maccubbin@maryland.gov

(410) 836-4561

Management of MD boat dealers is distributed among Regional Service Centers as follows:

Annapolis – Howard, Montgomery and Prince George’s Counties, Baltimore City and northern Anne Arundel County

Bel Air – Baltimore, Carroll and Harford Counties and western Cecil County

Centreville – Caroline, Kent, Queen Anne’s and Talbot Counties and eastern Cecil County

Frederick – Allegany, Frederick, Garrett and Washington Counties

Solomons – Calvert, Charles, and St. Mary’s Counties and southern Anne Arundel County

Salisbury – Dorchester, Somerset, Wicomico and Worcester Counties

APPENDIX B: U.S. COAST GUARD CONTACT INFO

NATIONAL VESSEL DOCUMENTATION OFFICE

792 T J Jackson Drive

Falling Waters, WV 25419-4502

(800) 799-8362

(304) 271-2400

(304) 271-2405 Fax

<https://www.dco.uscg.mil/Our-Organization/Deputy-for-Operations-Policy-andCapabilities-DCO-D/National-Vessel-Documentation-Center/>

APPENDIX C: HULL IDENTIFICATION NUMBERS

U.S. Coast Guard requirements 33 CFR Part 181 Federal Register

Primary HIN will be located on a boat's transom on the starboard side within 2" of the top of the transom. If no transom is on the boat, it must be located to the starboard outboard side of the hull, aft, within 1" of the stern, within 2" of the top of the hull side, gunwale, or hull/deck joint. HINs will have 12 characters; and characters must not be less than ¼" in height.

Current HIN Formats

Example: BMA45678H485

- 12 characters that run consecutively (no space, slash or hyphen)
- The first three characters in every HIN are a Manufacturer Identification Code assigned by the U.S. Coast Guard to the manufacturer/importer
- Characters four through eight represent the hull serial number, which must consist of letters of the English alphabet, Arabic numerals, or both, except the letters "I", "O" or "Q" (because of their similarity to the numbers "0" and "1")
- Character 9 is the month of manufacture indicated as follows:

A = January	E = May	I = September
B = February	F = June	J = October
C = March	G = July	K = November
D = April	H = August	L = December

- Character 10 is the last digit of the year of manufacture.
- Characters 11 and 12 are the model year of the boat and must be indicated using Arabic numerals for the last two numbers of the model year.

HIN formats prior to August 1, 1984 XYZ45678M84A

Example: ABC123450883 or

- *Characters 1 to 3 - alphabetic -- manufacturer ID code.*
- *Characters 4 to 8 – numeric – production or serial number assigned by manufacturer.*
- *Remaining characters represent the month and year of manufacture, either:*
 - first 2 numbers represent month of production
 - next 2 numbers represent year of production
 - "M" designates model year format
 - 2 digits represent model year
 - letter represents month of production, as follows:

F = January
G = February
H = March
I = April

J = May
K = June
L = July
A = August

B = September
C = October
D = November
E = December

Excerpted from USCG document dated 13 Nov 2013

Restrictions on Issuing Hull Identification Numbers (HIN) to Non-Recreational Boats

Any recreational boat manufactured in, or imported to, the United States for sale is required to display a 12-character HIN and must be in compliance with the applicable requirements of 33 CFR Parts 181 and 183.

Boats built for commercial use do not have to comply with the Federal safety regulations for recreational boats and therefore should not have HINs affixed in the format prescribed by 33 CFR 181.25.

If a vessel does not have a primary HIN meeting the requirements of 33 CFR Part 181 Subpart C:

1. And an individual built or imported the vessel for a personal use after 1 Nov 1972, the issuing authority within the state must issue a properly formatted HIN specified in 33 CFR 181.25; or
2. The vessel was manufactured for sale after 1 Nov 1972 and the manufacturer is still in business, the issuing authority must contact Phil Cappel, Chief, Product Assurance Branch (CG-BSX-23) at (202) 372-1076 for further guidance. These situations are handled on a case-by-case basis; or
3. The vessel was manufactured for sale after 1 Nov 1972 and the manufacturer is no longer in business, the issuing authority may issue a properly formatted HIN or refer the matter to CG-BSX-23; or
4. The vessel was manufactured prior to 1 Nov 1972, the issuing authority within the state may issue properly formatted HIN with the last four characters denoting the month and year issued.

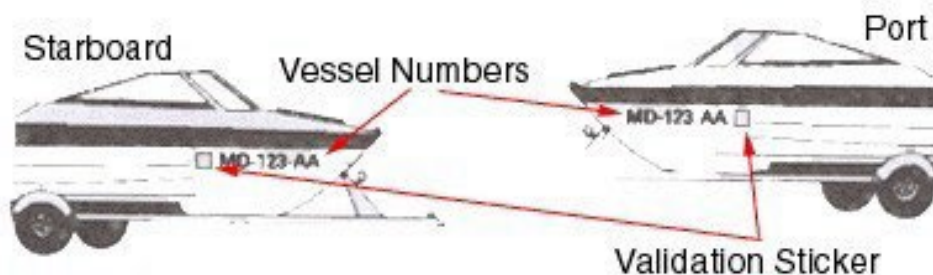
APPENDIX D: DISPLAY of MARYLAND BOAT NUMBER

The vessel number must be painted on or permanently attached to each side of the forward half of the vessel (the bow), and no other number may be displayed thereon. Vessel numbers must be displayed as follows:

- Reading from left to right
- Plain vertical block characters of good proportion (not less than 3" high)
- Contrasting color to the boat hull or background
- Placed as high above the waterline as practical
- Letters separated from numbers by hyphens or spaces
- Vessel Number must read as displayed on Vessel Registration Card

The registration decal set consists of two 3" x 3" decals, which must be displayed within 3" of the vessel number. This requirement also applies to the 3" round dealer-issued temporary decals.

Vessels must display boat number and current valid decals and have the registration card on board and available for inspection whenever the boat is in use.



APPENDIX E: WATERWAY IMPROVEMENT FUND

Pursuant to §8-716(h) of the State Boat Act, all vessel excise tax collections are deposited into the Waterway Improvement Fund and used to make Maryland waterways safer for the general public through enhanced enforcement and waterway improvements, in cooperation with federal, state and local governments.

- Marking channels and harbors and establishing aids to navigation
- Clearing debris, aquatic vegetation and obstructions from MD waters
- Dredging channels and harbors, constructing jetties and breakwaters
- Constructing and maintaining marine facilities for the boating public (pump-out stations)
- Improvement, reconstruction, or removal of bridges, drawbridges, or similar structures
- Evaluation of water-oriented recreation needs and recreational capacities of MD waterways
- Development of comprehensive plans for waterway improvements
- Matching grants to local governments for the construction of marine facilities for marine firefighting, marine police, or medical services, the acquisition of vessels and equipment, and the acquisition of communications equipment
- Boating related structural and non-structural shore erosion control
- Acquisition of equipment and State vessels for firefighting, policing, first aid and medical assistance and communications
- Dissemination of boating information and education

Pursuant to §8-723 of the State Boat Act, license and boat registration fees, and all other revenue collected under the authority of the State Boat Act are deposited in the State Boat Act Fund. The Department uses this fund to cover the costs of fulfilling the duties and responsibilities of the Department under the State Boat Act and for administrative costs.

APPENDIX F: BOAT DEALER AUDITS

WHY?

§ 8-719 of Maryland's State Boat Act states that:

Every dealer shall maintain for 3 years a record of any vessel the dealer bought, sold, exchanged, or received for sale or exchange. This record shall be open to inspection by Department representatives during reasonable business hours.

Audits of Maryland licensed boat dealers are conducted by the Department to provide the State with reasonable assurance the proper amount of excise tax has been assessed, collected and remitted to the Department on boats titled and registered in Maryland.

WHEN?

Audits are conducted:

- Every 3 years (as a general rule)
- When a business closes – “exit audit”
- As a result of failure to comply with MD laws and regulations

Given sufficient, competent evidentiary matter to examine, up to 3 weeks is generally needed for completion of an audit. Lacking adequate records, an audit can take significantly longer.

If the absence of adequate records is found to be willful or deliberate, civil and criminal penalties may be imposed in accordance with § 8-716.1(g)(1) of the State Boat Act:

A dealer or other person liable for the tax imposed by this subtitle may not (i) willfully fail to collect the tax, (ii) willfully fail to remit the tax, (iii) willfully make any false statement or misleading omission with regard to the tax, (iv) willfully fail to keep records in accordance with this subtitle and any regulations pursuant to this subtitle, or (v) willfully evade payment of the tax by any means.

WHO?

All licensed dealers are subject to audit. Selection is based on:

- Risk --dealers with a history of problems with the assessment, collection and timely remittance of tax and fees and/or customer complaints to the Department have a greater chance of selection
- Materiality -- dealers with a higher volume of sales have a greater

chance of selection

- Random selection – all licensed dealers are subject to random selection –to bolster voluntary compliance

WHAT?

An audit consists of the examination of business records to confirm that sufficient, competent evidentiary matter exists to verify that the proper amount of vessel excise tax was collected, and that the collected taxes and fees were timely transmitted to the State of Maryland in compliance with the provisions of Maryland's State Boat Act.

These are basically the same types of records required by a Certified Public Accountant under GAAP (Generally Accepted Accounting Principles) for preparation of financial statements required by banks extending a line of credit and by the Internal Revenue Service.

Generally, 100% of the transactions in a 3-year period are reviewed for PROPRIETY (i.e., supported by documentary evidence). The records for each transaction should contain (at a minimum) a copy of the sales contract, invoice, and/or bill of sale. Each document must contain the purchase date, purchase price, and vessel identification (including HIN). If the transaction includes a trade-in, the trade-in HIN must be shown on the purchase documentation and a copy of the Trade-In Verification form included in the sale record.

Without adequate records, an assessment may be based on industry averages derived from national publications (i.e., BUC, NADA) as provided for in § 8716.1(b) of the State Boat Act:

If the Department finds that a dealer ... does not have adequate records ... and that the amount of excise tax collected for the Department on these sales cannot be determined accurately, the Department shall determine the taxable sales of the dealer for any period involved and compute the tax from the best information available. The computation shall be prima facie correct.

At least 1-year is selected for RECONCILIATION between the dealer's gross receipts and bank records from the dealership's accounts. The financial records of the dealership will be matched to the sales records to confirm that the total of purchaser payments and loan proceeds received by the dealer are equal to the reported purchase price.

The best evidence is that which emanates from outside the dealership:

- copies of customer's checks
- dealer's bank statements reflecting the amounts deposited
- audited financial statements depicting fund sources
- tax returns prepared by independent accountants

The next best source of evidence is that which has been verified by outside parties:

- validated bank deposit tickets reflecting the amounts received from each customer.
- dealer's cancelled checks

- copies of wire transfers
- manufacturer's invoice

THE IDEAL SALES RECORD FOR EACH TRANSACTION WOULD CONTAIN COPIES OF THE FOLLOWING:

- Sales contract (purchase agreement)
- Bill of Sale
- Notarized closing statement (where applicable)
- Customer's payment(s)
- Receipt of loan proceeds
- Validated deposit slip
- Trade-In Verification (where applicable)
- Dealer's cancelled check (front and back) to DNR paying tax and fees

DNR FORMS

Our forms are available online through our DNR [website](#).

If you cannot locate a form, please contact your managing service center.

Applications submitted with outdated forms will not be processed.

<https://dnr.maryland.gov/Pages/dnrforms.aspx>

[B-102](#) Manufacturer's Affidavit of Warranty Replacement

[B-105](#) Certification of Family Transfer

[B-106](#) Certificate of Repossession

[B-108](#) Affidavit for Replacement or Corrected Certificate of Title or Registration and Replacement decals

[B-109](#) Inventory Order Form

[B-110](#) Certification of State of Principal Use

[B-111](#) Instructions – Mechanics Lien Process - Vessels

[B-116](#) Instructions for Claim for Abandoned Boat

[B-118](#) Bill of Sale for a Vessel

[B-119](#) Hull Identification Number Affidavit

[B-121](#) Affidavit for Out-Of-State Boat Owner/Seller

[B-120](#) Restricted Power of Attorney

[B-207](#) Report of Vessel Numbers/Decals Issued Application

[B-240](#) Application for Title & Registration

[B-241](#) Trade-In Verification Statement