



MAINE REVENUE SERVICES PROPERTY TAX DIVISION PROPERTY TAX BULLETIN NO. 13

MOTOR VEHICLE EXCISE TAX & PERSONAL PROPERTY TAX

REFERENCE: 36 M.R.S. §§ 1481 through 1491
July 14, 2016; Replaces July 2010 Revision

1. In general. The motor vehicle excise tax is an annual tax imposed for the privilege of operating a vehicle on public roads. This bulletin is concerned principally with the applicability of motor vehicle excise tax on automobiles, trucks, truck tractors, motorcycles, and motorhomes.

Mobile homes, camper trailers, truck campers and aircraft may be subject to the excise tax, but since they are subject to different rates and to certain special provisions than those applying to motor vehicles, they are not covered by this bulletin. Detailed information about the excise tax as applied to mobile homes, camper trailers, and truck campers is found in Property Tax Bulletin #6 – Taxation of Mobile Homes, Camper Trailers, and Truck Campers. Information about the excise tax as applied to aircraft may be obtained from Title 36 and Maine Revenue Services, Property Tax Division.

As a rule, a registered motor vehicle owned by a person on April 1 and on which an excise tax was paid is exempt from property taxes. The assessing of motor vehicles as personal property is discussed in Section 3.

A motor vehicle, for which an excise tax has not been paid before property taxes are committed, is subject to the property tax.

The Secretary of State provides municipal excise tax collectors with standard vehicle registration forms for the collection of excise tax.

2. The motor vehicle excise tax.

A. When applicable. The excise tax on motor vehicles applies where the owner of the motor vehicle intends to use it on public roads during the year.

B. Where excise tax is payable:

- (1) For resident vehicle owners, the excise tax must be paid to the municipality where the owner resides.
- (2) If a motor vehicle is owned by a nonresident individual, the excise tax must be paid in the municipality or place where the owner is temporarily or occasionally residing. If there is no such residing place, excise tax must be paid to the state.

- (3) If a motor vehicle is owned by a corporation or a partnership, the excise tax is paid to the municipality where the business' main office is located. If the organization has an additional permanent place of business in another municipality where motor vehicles are customarily kept, the tax on those vehicles must be paid to that municipality. The temporary location of an office and the stationing of vehicles in connection with a construction project lasting less than 24 months is not considered a permanent place of business. In the case of a foreign corporation or partnership not maintaining a place of business within the state, the excise tax must be paid to the state.

Prior to January 1, 2017, a public utility described in 35 M.R.S., § 2301 must pay excise tax to the municipality where the main office of that organization is located.

- (4) If a motor vehicle is leased for one month or longer, the excise tax must be paid where it would be paid if the lessee were the owner.

C. Tax rate. The excise tax rates on motor vehicles are expressed in mills, meaning the tax assessed per \$1,000 of manufacturer's suggested retail price ("MSRP"). For example, 24 mills equals \$24 of tax for each \$1,000 of MSRP. Expressed as a decimal, 24 mills is equal to 0.024; this is the rate applied directly to MSRP to calculate the tax. For example, a tax rate of 0.024 applied to a vehicle with an MSRP of \$25,000 results in a tax of \$600 (\$25,000 x 0.024).

- (1) Motor vehicle excise tax rates are as follows: 24 mills for the first or current year of model; 17.5 mills for the second year; 13.5 mills for the third year; 10 mills for the fourth year; 6.5 mills for the fifth year; and 4 mills for the sixth and following years. A minimum tax of \$5 applies.

In the phrase 'first or current year of model', *first* refers to the first year of registration. For instance, if a 2017 model year vehicle is being registered for the first time, the first year tax rate applies (24 mills). Current refers to a model year vehicle being registered for the first time in the same registration year as the model, such as a 2016 model being registered for the first time in 2016 (see examples below).

- (2) Generally, for motor vehicles, only half of the tax will apply if registered during the last four months of the registration year. For a farm truck, half of the tax will apply if registered during the last six months of the registration year. A farm truck is a vehicle with two or three axles that is used primarily for transportation of agricultural produce grown by the owner on the owner's. 29-A, § 505(1). If a vehicle is being registered for the first time, the half rate does not apply. All new registration fees are for 12 months. During the last four months of the registration year, the minimum tax is \$2.50 for a motor vehicle.
- (3) For a brand new 2015 model vehicle registered for the first time in 2016, the second year rate applies because the vehicle is no longer the current model. During 2016, a 2016 model vehicle will be charged the first year rate, even after the 2017 models have become available.
- (4) If an excise tax was paid for the previous registration year by the same person on the

same vehicle, the excise tax for the current registration year is computed as if the vehicle were in its next year of model. A 2016 vehicle which was registered in 2015 will be taxed at the second year rate in 2016, the third year rate in 2017 and so on, as long as the person who registered it in 2015 continues to own it. If the owner sells it to a new owner who first registers it in 2016 or later, it will be taxed at the first year rate in 2016, the second year rate in 2017, and so on.

D. Credit for transfers. Credit for transfers is provided for as follows:

- (1) A vehicle owner may be entitled to a credit against the tax on another vehicle for taxes paid if the first vehicle is sold or lost. A transfer fee of \$3 is due to the municipality. If less than four months remains on the current registration, the credit is limited to half of the tax paid. The expiration date of the new vehicle will be the expiration date of the current registration.
- (2) A municipality may by ordinance allow a refund of a portion of the excise tax paid on leased special mobile equipment as defined under 29-A M.R.S., § 101(70). The registration must have been voluntarily surrendered and cancelled under 29-A M.R.S., § 410. The amount of a refund equals the excise tax paid prorated based on the number of full months remaining in the year of the cancelled registration.
- (3) Beginning October 15, 2015, a credit is allowed for vehicles where the owner has totally discontinued use. "Totally discontinued" means the use of a vehicle is limited to selling, transferring ownership, junking or abandoning. To receive a credit, the owner must submit a signed statement attesting to use discontinuation. Under prior Maine law, there was no credit allowed if an owner retained a discontinued vehicle unless that vehicle is totally lost by fire, theft or accident or it is totally junked or abandoned.
- (4) Where an owner moves, replaces a vehicle, and requests a credit for transfer of the registration, the tax collector in the new municipality must allow a credit for the tax paid to the old municipality.

E. Examples of continuous credit.

- (1) John registers a new car with an MSRP of \$25,000 in January, 2016. The first year rate of 24 mills produces a tax of \$600 ($\$25,000 \times 0.024$), which John pays. In April, 2016, John trades in his car for another new car, this one with MSRP of \$28,000. The tax on the replacement is \$672 ($\$28,000 \times 0.024$). The excise tax credit for the new vehicle is calculated as follows.

Tax on replacement car	\$672
Credit for tax paid	<u>(\$600)</u>
Subtotal	\$ 72
Transfer fee	<u>\$ 3</u>
Excise tax balance due	\$ 75

- (2) Jane registers a new car with an MSRP of \$25,000 in January, 2016. The first year

rate of 24 mills produces a tax of \$600 (\$25,000 x 0.024), which Jane pays. In October, 2016, Jane's car is totaled and she purchases a 2011 vehicle that had an original MSRP of \$22,000. The excise tax for the six year old replacement vehicle, applying the rate of 4 mills, is \$88 (\$22,000 x 0.004). The excise tax for the replacement vehicle is calculated as follows.

Tax on replacement car	\$ 88
Credit for tax paid	<u>(\$600)</u>
Subtotal	\$ 0
Transfer fee	<u>\$ 3</u>
Excise tax balance due	\$ 3

Notice that the credit for tax paid does not apply against the transfer fee. The \$5.00 minimum tax does not apply to the balance due on a transfer. Existing credits may exceed the tax on the latest acquired automobile in which only the \$3.00 transfer fee is due from the taxpayer.

F. Price to be used in calculating tax.

MSRP. The statute requires, except for certain commercial vehicles, that the MSRP be used as the basis of the excise tax. The MSRP is defined, in the case of vehicles manufactured in the United States, to mean the retail price at the point of manufacture less the federal manufacturer's tax, if any. The MSRP, in the case of vehicles manufactured outside the United States, means the retail price at the nearest port of entry. In either case, MSRP includes the manufacturer's suggested retail price of all accessories and equipment (except the value of adaptive equipment that is installed on a motor vehicle to make that vehicle accessible or operable by a disabled person) which is a part of the vehicle at the time the excise tax is paid.

- (1) Whenever a new vehicle is to be registered the owner or lessee must provide the original window sticker (Monroney sticker) or a copy of the original dealer's invoice which details the vehicle and all accessory equipment. In the case of registration renewal, attention should be paid to the MSRP which was applied the previous year.
- (2) Maine Revenue Services will provide to vehicle excise tax collectors the MSRP of a vehicle. The tax collector should make an effort to obtain full details about a vehicle to assure determination of correct value.
- (3) Self-propelled contractor's equipment may present a problem where new equipment is mounted on an old chassis or vice versa. In such instances MRS suggests that the two elements of value making up the vehicle be computed separately according to MSRP new, and that separate rates be applied to the two elements appropriate to the model year of each. The collector determines the tax on each element and adds the results to calculate the total vehicle tax.
- (4) The creation of special purpose vehicles such as dune buggies presents another type of challenge. Generally speaking, a new body is of greater value than a used chassis to which the body is added. When there is no identifying model year of the more valuable component, excise tax collectors should use the first year rate for the first

year the vehicle is registered.

- G. Certain commercial vehicles. The annual excise tax on commercial vehicles over 26,000 pounds and special mobile equipment is based on the initial purchase price of the commercial vehicle including accessories and equipment installed on that vehicle in the original year of title for commercial vehicles manufactured in model year 1996 and later. Commercial vehicles manufactured prior to model year 1996 are based on the manufacturer's list price.
- (1) Whenever a 1996 or newer model commercial vehicle over 26,000 pounds or special mobile equipment is to be registered the collector should request a copy of the dealer's invoice or owner's bill of sale which details the vehicle and all accessory equipment. In the case of registration renewal or transfer, attention should be paid to the original purchase price that was paid for that vehicle.
 - (2) The state Bureau of Motor Vehicles has established procedures for municipalities to report and claim reimbursement for any revenue loss resulting from the use of a vehicle's initial purchase price instead of the manufacturer's list price for that vehicle. Vehicles that are reconstructed using glider kits (see paragraph I below) do not qualify for reimbursement.
- H. Exemptions. The following are exempt from the motor vehicle excise tax:
- (1) State vehicles. Vehicles owned by the state, county, municipality, or other political subdivisions of the state;
 - (2) Driver education. Motor vehicles registered by municipalities for use in driver education in the secondary schools or by private secondary schools for use in driver education in those schools;
 - (3) Volunteer fire departments. Motor vehicles owned by volunteer fire departments;
 - (4) Dealers or manufacturers. Vehicles owned by registered dealers or manufacturers of the vehicles that are held solely for demonstration and sale and constitute stock in trade;
 - (5) Transporter registration. Vehicles to be lawfully operated on transporter registration certificates;
 - (6) Railroads. Vehicles owned by railroad companies that pay an excise tax to the state;
 - (7) Benevolent and charitable institutions. Vehicles owned and used solely for their own purposes by benevolent and charitable institutions that are incorporated by this state;
 - (8) Literary and scientific institutions. Vehicles owned and used solely for their own purposes by literary and scientific institutions;
 - (9) Religious societies. Vehicles owned and used solely for their own purposes by houses of religious worship or religious societies;

- (10) Certain veterans. Specially adapted automobiles owned by blind or paraplegic veterans who are granted free registration of those vehicles by the Secretary of State under 29-A M.R.S., § 523(1);
 - (11) Adaptive equipment. Adaptive equipment installed on a motor vehicle owned by a disabled person or the family of a disabled person to make that vehicle operable or accessible by a disabled person; and
 - (12) Active military stationed in Maine. Vehicles owned by a person, resident or nonresident, on active duty serving in the Armed Forces of the United States who is permanently stationed at a military or naval post, station or base in the state. For purposes of this subsection, “a person on active duty serving in the Armed Forces of the United States” does not include a member of the National Guard or the Reserves of the United States Armed Forces.
- I. Prepackaged glider kits. For trucks or truck tractors registered for more than 26,000 pounds that have been reconstructed using a prepackaged kit that may include a frame, front axle or body but does not include a power train or engine and for which a new certificate of title is required to be issued, the amount of excise tax due is based on the list price of the prepackaged kit. These glider kits do not qualify for reimbursement by the Bureau of Motor Vehicles for tax on the difference between MSRP and purchase price.

3. Personal property taxation of motor vehicles.

A motor vehicle transferred to Maine is subject to a personal property tax unless the vehicle owner paid an excise tax. If the personal property tax on a vehicle was paid and the owner later wishes to register the vehicle, the property tax paid must be allowed as a credit on the excise tax.

A. Where motor vehicles are taxable.

- (1) If a motor vehicle in Maine on April 1 is owned by an individual resident, resident partnership, or domestic corporation the vehicle is taxable in the place where the owner resides on April 1.
- (2) If a motor vehicle in Maine on April 1 is owned by a nonresident individual, nonresident partnership, or foreign corporation the vehicle is taxable in the place where located on April 1.
- (3) Maine law, 36 M.R.S. § 603(9), provides an exception to where the motor vehicles of certain domestic corporations are taxable. The vehicles of manufacturing, smelting, agricultural and stock raising corporations and corporations organized for the purpose of buying, selling and leasing real estate are taxable where situated. A further exception is that vehicles owned, leased, or otherwise subject to possessory control of a mining company are taxable where the mine is located.

B. Description. A motor vehicle assessed as personal property should be identified by make, model, year, and serial number (if possible). This will permit documentary proof that the property tax was paid on the vehicle should subsequent registration be desired.

C. Valuation. When assessed for personal property taxes, motor vehicles should be valued in the same manner as all other property, on the basis of just value.

D. Exemptions. Personal property tax exemptions provided in 36 M.R.S. §§ 651-655 may also apply to motor vehicles being assessed as personal property.

NOTE: This bulletin is intended solely as advice to assist persons in determining, exercising or complying with their legal rights, duties or privileges. If further information is needed, contact the Property Tax Division of Maine Revenue Services.

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SOURCE

PASSENGER VEHICLES AND LIGHT TRUCKS

Automobile Invoice Service

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P.O. Box 758
Gainesville, GA 30503
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