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PROPERTY TAX BULLETIN NO. 13
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SUBJECT: MOTOR VEHICLE EXCISE TAX & PERSONAL PROPERTY TAX
REFERENCE: Title 36, MRSA, Sections 1481 through 1491.

1. In General. The motor vehicle excise tax is a tax for the privilege of operating a vehicle over the public highway. Motor vehicles covered by the excise tax include generally all self-propelled vehicles except those operated exclusively on tracks (rails) and except those prohibited by law from operating on the public highways. Thus, this bulletin is concerned principally with automobiles, trucks, truck tractors, motorcycles and motorized homes.

Mobile homes, camper trailers, truck campers and aircraft may be subject to the excise tax, but since they are subject to different rates, than those applying to motor vehicles, and to certain special provisions, they are not covered by this bulletin. Detailed information about the excise tax as applied to mobile homes, camp trailers and truck campers will be found in Property Tax Bulletin No. 6; and information about the excise tax as applied to aircraft may be obtained from Maine Revenue Services, Property Tax Division.

Motor vehicles which are excised before commitment are not subject to a personal property tax during the same excise year. Any vehicle owned on April 1, but not excised before property taxes are committed should be in the property tax commitment.

Motor vehicles owned on April 1 and not excised before commitment, are subject to the property tax, payment of which shall be credited to the excise tax if registration occurs between the date of property tax commitment and April 1 of the year following. The excise tax on motor vehicles acquired by residents after April 1 or brought into the state by nonresidents after April 1 may be paid at any time. If registration occurs after April 1 of the year following the last property tax commitment, the property tax should be paid for the last year and an excise tax shall be paid for the current year.

The Secretary of State may provide registrants of automobiles, trucks or truck tractors with renewable forms for processing by the excise tax collector in lieu of the excise tax collector providing the forms.

2. The Motor Vehicle Excise Tax.

A. When applicable. The excise tax on motor vehicles is a tax "for the privilege of operating a motor vehicle upon the public ways" and thus applies where the owner of the motor vehicle intends to register it for use on the public ways during the year.

(1) The Federal Soldiers' and Sailors' Civil Relief Act prohibits collection of a motor vehicle excise tax from nonresident servicemen registering motor vehicles in Maine. This applies to trailers, aircraft or other vehicles subject to excise tax. Any person claiming exemption as a nonresident serviceman should be referred by the Tax Collector to the local motor vehicle registry office or to the Augusta Office of the Motor Vehicle Division of the Secretary of State's Office.

(2) Vehicles owned by veterans who are granted free registration of such vehicles by the Secretary of State under Title 29, Section 251, are exempt from payment of the excise tax. Eligible veterans must produce a letter of authorization from the Veterans Administration in order to obtain an "exempt" excise tax receipt from the Tax Collector.

B. Where Excise Tax is Payable.

(1) If the motor vehicle is owned by an individual resident of the State the excise tax shall be paid in the place where the owner resides.

(2) If the motor vehicle is owned by a nonresident person the excise tax shall be paid in the place where he is temporarily or occasionally residing; or, if there is no such residing place, to the State (36 MRSA §1484, sub-§3-B.)

(3) If the motor vehicle is owned by a corporation or a partnership, the excise tax shall be paid in the following manner.

(a) If it is a corporation or partnership other than one described in sub-paragraph (b) below, the excise tax shall be paid to the municipality in which the registered or main office of that organization is located, except that if the organization has an additional permanent place, or places, of business where motor vehicles are customarily kept, the tax on these vehicles shall be paid to the municipality where such permanent place of business is located. The temporary location of an office and the stationing of vehicles in connection with a construction project of less than 24 months duration is not considered to constitute 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 shall be paid to the State.

(b) The case of corporations described in Title 35, § 2301, (public utilities) any excise taxes owed shall be paid to the municipality in which the registered or main office of that organization is located.

(c) If a municipality, county or motor vehicle owner feels the excise tax has been improperly levied under the authority of this paragraph, the owner, county or municipality may request within 3 years from the date of an excise tax levy a determination of this question by the State Tax Assessor. The State Tax Assessor's determination is limited to the same 3-year period and shall be binding on all parties.

Any party may seek review of the determination in accordance with the Maine Rules of Civil Procedure, Rule 80-C. Upon notification by the State Tax Assessor of a determination made under this section, any municipality or county which has incorrectly accepted excise tax money, within 30 days of that determination, shall pay the money, together with interest at the maximum rate determined by the Treasurer of State, pursuant to Section 505, to the municipality or county named in the determination as the proper place of payment.

(d) Notwithstanding the preceding three provisions, if a motor vehicle is leased for a period of one month or longer, the excise tax shall be paid where it would be paid if

the lessee were the owner. (36 MRSA §1484, sub-§3, paragraph D).

C. Tax Rate. The excise tax rate on a motor vehicle, other than a stock race car, is as follows: A sum equal to 24 mils on each dollar of the manufacturers suggested retail price* (M.S.R.P.) the first or current year of model; 17½ mils for the 2nd year; 13½ mils for the 3rd year; 10 mils for the 4th year; 6½ mils for the 5th year, and 4 mils for the sixth and following years. If a tax rate of 4 mils applied against the M.S.R.P.* produces less than \$5.00 then the tax is \$5.00. The excise tax for a stock race car is \$5.00. *(except for certain commercial vehicles the tax rate is applied to the initial purchase price of the vehicle: see section 3 of this bulletin).

(1) For vehicles other than automobiles, ½ rates will apply from November 1 through the last day of the following February, except for:

(a) The excise tax on a farm motor truck having 2 or 3 axles, when such trucks are used primarily for transportation of agricultural produce grown by the owner on his farm or farms, is ½ the annual amount during the last 6 months of the registration year.

(2) For automobiles, trucks and truck tractors, ½ rates will apply during the last four months of the registration year. If the registration is new there is no ½ rate available. All new registration fees are for 12 months.

(3) For a bicycle with motor attached the minimum tax is \$2.50. From November 1 to the last day of February the ½ fee of \$1.25 is applicable.

Neither bicycles with motors attached nor motor cycles are considered affected by the stagger system. Mopeds, as distinguished from bicycles with motor attached, are subject to the \$5.00 minimum fee.

(4) For a stock race car the excise tax is \$5.00 for a full year or \$2.50 from November 1 through the last day of February of the following year.

(5) A brand new 1996 model vehicle excised for the first time in 1997 takes the second year rate if it is no longer the current model.

(6) During 1996, a 1996 model vehicle will take the first year rate, even after the 1997 models have become available.

(7) Whenever an excise tax has been paid for the previous calendar year or registration year by the same person on the same vehicle, the excise tax for the calendar year or registration year is computed as if the vehicle were in its next year of model. A 1997 vehicle which was excised in 1996 will be excised at the second year rate in 1997, the 3rd year rate in 1998 and so on, as long as the person who excised it in 1996 continues to own it. If he sells it to a new owner who first excises it in 1997 or later, it will be taxed at the first year rate in 1997, the second year rate in 1998, and so on.

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

(1) Credits. Any owner (owner includes surviving spouse) who has paid the excise or property tax for a vehicle the ownership of which is transferred, or which is subsequently totally lost by fire, theft or accident, or which is subsequently totally junked or abandoned, in the same calendar year or registration year, shall be entitled to a credit to the maximum amount of the tax previously paid in such year or period for any one vehicle toward the tax for such other vehicles, regardless of the number of transfers, which may be required of him in the same calendar year or registration year.

(2) For each transfer made in the same calendar year or registration year the owner shall pay \$3.00 to the place in which the excise tax is payable.

(3) From November 1 to the last day of February such credit shall not exceed ½ the amount of the maximum tax, except that for automobiles, trucks and truck tractors, during the last 4 months of the registration year, such credit shall not exceed ½ the maximum tax.

(4) A municipality **may by ordinance** refund a portion of the excise tax paid on leased special mobile equipment as defined by Title 29-A, section 101, subsection 70, if the person who paid the excise tax provides evidence that the registration has been voluntarily surrendered and cancelled under Title 29-A, section 410. The amount of the refund must be the percentage of the excise tax paid that is equal to the percentage represented by the number of full months remaining in the year of the cancelled registration.

E. Examples of Continuous Credit.

(1) John Doe excises a 1997 model \$22,900 automobile in January 1997 for a new registration. The first year rate of 24 mils produces a tax of $(22,900 \times .024 =)$ \$549.60: Collector issues receipt #123 for \$549.60.

Receipt #123
Amount of tax \$549.60

(2) John Doe trades for another automobile in April 1997, at \$24,590, model 1997. The tax is $(.024 \times \$24,590 =)$ \$590.16. Credit is extended in amount of tax paid, \$549.60, from first auto replaced. Collector issues receipt #132.

Receipt #132 issued
Amount of Tax \$590.16
Rec. No. 123
Credit (549.60)
Sub-Total \$ 40.56
Transfer Fee 3.00
Excise Tax Bal. \$ 44.56

(3) John Doe wrecks his second automobile in July 1997 and replaces number two with a third, a 1992 model, \$16,900 list. The 6th year rate, 4 mils, applies; the tax is $(\$16,900 \times .004 =)$ \$67.60. Collector issues receipt #185.

Receipt #185
Amount of Tax \$ 67.60
Rec. No. 132
Credit (590.16)
Sub-Total Cr.Bal. (522.56)
Transfer Fee 3.00
Excise Tax Bal. \$ 3.00

(The only out of pocket expense is payment of the \$3.00 transfer fee)

(4) John Doe's 3rd car is junked and abandoned in October. A 4th car, a \$26,700, 1997 model is excised at ½ rate being within four months of expiration date. The tax, at 1st year rate is $(26,700 \times .024 \div 2 =)$ \$320.40. Credit balance available within last 4 months of excise year $(590.16 \div 2 =)$ \$295.08. Collector issues receipt #212.

<u>Receipt #212</u>	
Amount of Tax (½)	\$320.40
Rec. No. 132	
Credit (½)	<u>(295.08)</u>
Sub-Total	\$ 25.32
Transfer Fee	<u>3.00</u>
Excise Tax Bal.	\$ 28.32

The minimum tax of \$5.00 which applies to automobiles 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. There is no credit if the owner retains the discontinued vehicle, unless it is totally junked.
- G. An owner who replaces excised vehicles with a single vehicle is entitled to credit for only one excise paid. Should he later get a second vehicle the unused credit would be available.
- H. An owner who replaces one excised vehicle with more than one vehicle may have the fee for the first excised (replaced) vehicle applied to a number of other vehicles to the full amount of the first replaced vehicle. Replacement vehicles may be credited at one time or at different times until the expiration date of the originally excised vehicle.
- I. Where an owner changes his residence and later replaces his vehicle, the excise tax collector allows credit for the tax paid to the town in which the original tax was paid and includes on the excise tax receipt the name of the town and the number of the old receipt.

Example:	<u>Rec. #190</u>
Tax	\$426.48 (Town B)
Cr. #25	<u>(213.98)</u> (Town A)
	212.50
Transfer Fee	<u>3.00</u>
Due:	\$215.50

- J. Since aircraft, mobile homes, and camp trailers are also vehicles, an owner is entitled to credit should he replace one of these with a motor vehicle and vice versa.
- K. Some confusion arises with leased vehicles, since under the motor vehicle registration law, certain persons having the exclusive right to the use of a vehicle may be considered owners. This, however, is for registration purposes only. So far as excise tax credits are concerned, they are available only when a transfer of vehicles by the same true owner occurs. (Owner includes surviving spouse)

Customarily, when a leased vehicle is registered, the registration is in the joint names of the lessor (the one who owns the vehicle) and the lessee (the one who hires the vehicle). In such a case, where a transfer of registration occurs, the credit is available only if the true ownership of the vehicle is changed. If the transfer involves only a change of lessees, rather than a change in true ownership of the vehicle, no additional excise tax liability arises.

For the same reason, if a lessee changes lessors, and the newly leased vehicle is being registered for the first time, no credit is available toward excise tax on the newly registered vehicle for excise tax paid on the former vehicle, since the true ownership of the two vehicles is not the same.

3. Price to be Used in Excising.

3.1 Maker's list price also called M.S.R.P The statute requires, except for certain commercial vehicles, that the "M.S.R.P." be used as the basis of the excise tax. The M.S.R.P. 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. M.S.R.P, in the case of vehicles manufactured outside the United States, means the retail price at the nearest port of entry. In either case, M.S.R.P. 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 are a part of the vehicle at the time the excise tax is paid.

A. Whenever a new vehicle is to be excised the owner must provide the original 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 maker's list price which was applied the previous year.

B. Maine Revenue Services will provide to vehicle excise tax collectors information consisting of the M.S.R.P. of a vehicle, the source from which the M.S.R.P. may be obtained or the manner in which it shall be determined. Efforts should be made to obtain full details of such units to assure determination of full value.

C. Self-propelled contractor's equipment may present a problem where new equipment is mounted on an old chassis or vice versa.

In such instances it is suggested that the two elements of value making up the vehicle be computed separately according to maker's list price new, and that separate rates be applied to the two elements appropriate to the model year of each. Once the tax on each element has been determined the results should be added together and the total accepted as the vehicle tax. In 1995, for example, a 1991 concrete mixer with a maker's list price of \$24,000 is mounted on a 1995 Mack truck with a maker's list price of \$97,000. The \$24,000 element being five years old, the fifth year rate for 1991, 6 ½ mils, produces $(0.0065 \times \$24,000 =) \156 . By like method the \$97,000 Mack cab and chassis sold in 1995 will be subject to the first year rate of 24 mils to provide a tax of $(0.024 \times \$97,000 =) \$2,328$. By adding the result of the two computations, a tax of $(\$156 + \$2,328 =) \$2,484$ is indicated.

D. The creation of special purpose vehicles such as dune buggies creates another type of problem. Generally speaking, the new body is of greater value than the used chassis to which it is added. Under such circumstances where there is no identifying year of model of the more valuable component, excise tax collectors should use the first year rate for the first year the vehicle is excised.

3.2 Certain commercial vehicles. Beginning July 1, 1996 the annual excise tax on certain commercial vehicles (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.

A. Whenever a 1996 or later model commercial vehicle is to be excised the collector should request a copy of the dealers 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 which was charged for that vehicle.

B. The state Bureau of Motor Vehicles must establish procedures for municipalities to report and claim reimbursement for any revenue losses resulting from the use of a vehicle's

initial purchase price instead of the manufacturer's list price for that vehicle.

4. Administration. The collectors may wish to use the forms illustrated as Attachment 1 (Automobile Excise Tax Application) and Attachment 2 (Non Automobile Excise Tax Application) to facilitate computation of the excise tax. The collector may wish to redesign either form in format suitable to his/her choice; except the closing statement on Attachments 1 and 2 shall be as indicated and signed by the applicant.
5. Exemptions. Motor vehicles owned by individuals are not exempt from the excise tax if the motor vehicle will be registered in Maine for highway use subject to the provisions of 36 MRSA, section 1483 as amended.
6. Personal Property Taxation of Motor Vehicles.

A motor vehicle which acquires a tax situs within Maine is subject to a personal property tax unless an excise tax has been paid. If the owner later wishes to register the vehicle, the property tax paid shall be allowed as a credit on the excise tax.

A. Where Motor Vehicles are Taxable.

(1) If a motor vehicle with a Maine tax situs on April 1 is owned by an individual resident, resident partnership or Domestic Corporation of this State the vehicle is taxable in the place where the owner resides on April 1.

(2) If a motor vehicle with a Maine tax situs 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) 36 MRSA, section 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 and 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 as all other property on the basis of "just" or fair market value. The property tax is not based upon what the excise tax might have been, although extreme variation should be sufficient reason to re-examine the property valuation, or the basis for re-computing the excise tax, to ensure no error has been made.

D. Exemptions. Property Tax Exemptions apply to motor vehicles as well as other property. 36 MRSA, sections 651-655.

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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