



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

MOTOR VEHICLE EXCISE TAX & PERSONAL PROPERTY TAX

REFERENCE: Title 36, MRSA, Sections 1481 through 1491.

Issued July 2010; Replaces September 2001 Revision

1. In General. The motor vehicle excise tax is a tax levied annually for the privilege of operating a vehicle over the public highway. This bulletin is concerned principally with the applicability of motor vehicle excise tax on 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 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, 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.

As a general rule, registered motor vehicles owned by a person on April 1 and on which an excise tax has been paid are exempt from property taxes. The assessing of motor vehicles as personal property is discussed in Section 6.

Unregistered motor vehicles owned by a person on April 1 that are not excised before property taxes are committed are subject to the property tax, unless payment of the excise tax occurs between April 1st and the date of property tax commitment.

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

2. Definitions

- A. Maker's list price. "Maker's list price" in the case of vehicles manufactured in the United States means the retail price at the point of manufacture, less the federal manufacturer's tax. "Maker's list price" in the case of vehicles manufactured outside the United States means the retail price at the nearest port of entry. In either case, "maker's list price" also includes the manufacturer's suggested retail price of all accessories and equipment which are part of the vehicle at the time the excise tax is paid.
- B. Motor vehicle. "Motor vehicle" means any self-propelled vehicle not operated exclusively on tracks, including motorcycles, but not including aircraft. "Motor vehicle" does not include any vehicle prohibited by law from operating on the public highways. "Motor vehicle" does not include any snowmobile as defined in Title 12, section 13001.
- C. Vehicle. "Vehicle" means a motor vehicle, mobile home, camper trailer, heavier-than-air aircraft or lighter-than-air aircraft. "Vehicle" does not include any snowmobiles as defined in Title 12, section 13001.
- D. Automobile. "Automobile" means a motor vehicle, including a motorized home but not including a stock race car, designed for the conveyance of passengers with a seating capacity of not more than 14 persons.

E. Purchase price. "Purchase price" means the actual price paid, including any trade-in value applied to the cost of purchasing the vehicle.

3. 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.

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) 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 rates on motor vehicles are expressed as 'mills' meaning the dollars in tax assessed per \$1,000 of maker's list price or manufacturers suggested retail price (MSRP). Thus, 24 mills would equal \$24 of tax for each \$1,000 of MSRP. Expressed as a decimal, 24 mills is equal to .024, 17 ½ is expressed a .0175, etc.

(1) Motor vehicle excise tax rates are as follows: 24 mils on each dollar of the MSRP 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.

In the phrase 'first or current year of model', *first* refers to the first year of registration. For instance, if a 2011 model year vehicle is being registered for the first time during calendar year, the first year tax rate applies (24 mills). Current refers to model year vehicles being registered for the first time in the same calendar year as the model, such as a 2010 model being registered for the first time in 2010 (See examples below).

(2) There is a minimum tax of \$5 for a motor vehicle other than a bicycle with motor attached, \$2.50 for a bicycle with motor attached, \$15 for a camper trailer other than a tent trailer and \$5 for a tent trailer. The excise tax on a stock race car is \$5.

- (3) For motor vehicles, only $\frac{1}{2}$ of the tax will apply during the last four months of the registration year, except for:
- (4) 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 $\frac{1}{2}$ the annual amount during the last 6 months of the registration year. If the registration is new there is no $\frac{1}{2}$ rate available. All new registration fees are for 12 months.
- (5) During the last four months of the registration year, the minimum tax is \$2.50 for a motor vehicle other than a bicycle with motor attached, \$1.25 for a bicycle with motor attached, \$7.50 for a camper trailer other than a tent trailer, \$2.50 for a tent trailer, and \$2.50 for a stock car.
- (6) A brand new 2009 model vehicle excised for the first time in 2010 takes the second year rate because it is no longer the current model.
- (7) During 2010, a 2010 model vehicle will take the first year rate, even after the 2011 models have become available.
- (8) 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 2010 vehicle which was excised in 2009 will be excised at the second year rate in 2010, the 3rd year rate in 2011 and so on, as long as the person who excised it in 2009 continues to own it. If he sells it to a new owner who first excises it in 2010 or later, it will be taxed at the first year rate in 2010, the second year rate in 2011, and so on.

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

- (1) Credits. Any owner (owner includes surviving spouse) or lessee who has paid the excise or property tax for a vehicle the ownership of which is transferred, or the vehicle 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 or lessee 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 $\frac{1}{2}$ 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 $\frac{1}{2}$ 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.
- (5) Under Maine law, there is no credit allowed if the owner retains the discontinued vehicle unless that vehicle is totally lost by fire, theft or accident or it is totally junked or abandoned.
- (6) An owner or lessee 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.
- (7) Generally, credit is given only when the vehicle owner or lessee transfers the registration of the original vehicle to the replacement vehicle. Credit should not be allowed to be transferred to a

new registration when the date of expiration of the new registration exceeds the expiration date of the original registration.

- (8) Where an owner or lessee changes his residence and later replaces his vehicle, the excise tax collector must allow credit for the tax paid to the town in which the original tax was paid.
- (9) Credit for excise tax paid on a motor vehicle may be allowed for aircraft, mobile homes, and camp trailers as they are also vehicles, and vice versa.

E. Examples of Continuous Credit.

- (1) John Doe excises a 2010 model automobile with a MSRP of \$22,900 in January 2010 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 2010 model automobile with a MSRP of \$24,590. The tax is $(.024 \times \$24,590)$ \$590.16. Credit of \$549.60 is extended in amount of tax paid for the first vehicle. 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 2010 and replaces the second vehicle with a third, a 1998 model, \$16,900 list. The 6th year tax rate of 4 mils applies; the tax for the third vehicle 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 sold in October. A 4th vehicle, a \$26,700, 2010 model is excised at ½ rate being within four months of the expiration date of the registration. 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 is $(590.16 \div 2)$ \$295.08. Collector issues receipt #212.

Receipt #212
Amount of Tax (½) \$320.40
Rec. No. 132
 Credit (½) (295.08)
Sub-Total \$ 25.32
Transfer Fee 3.00
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. Price to be Used in Excising.

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 is a part of the vehicle at the time the excise tax is paid.

- (1) Whenever a new vehicle is to be excised, the owner or lessee must provide the original window sticker (Monroney Label) 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.
- (2) 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.
- (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 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 2010, for example, a 2006 concrete mixer with a maker's list price of \$24,000 is mounted on a 2010 Mack truck with a maker's list price of \$97,000. The \$24,000 element being five years is subject to the fifth year rate, 6 ½ mils, to produce a tax of \$156 (0.0065 x \$24,000). By like method the \$97,000 Mack cab and chassis sold in 2010 will be subject to the first year rate of 24 mils to provide a tax of \$2,328 (0.024 x \$97,000). By adding the result of the two computations, a tax of \$2,484 (\$156 + \$2,328) is indicated.
- (4) 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.

G. 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.

- (1) 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.

- (2) The state Bureau of Motor Vehicles must establish 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.

H. Exemptions. The following are exempt from the **motor vehicle** excise tax:

- (1) State vehicles. Vehicles owned by this 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 amputee veterans who are granted free registration of those vehicles by the Secretary of State under Title 29-A, section 523, subsection 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 non-resident, 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.

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 personal property tax on the vehicle has been paid and 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 personal property 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 personal property 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 in the same manner as all other property, on the basis of "just value".
- D. Exemptions. Personal property tax exemptions provided in Title 36 MRSA sections 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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(Published under Appropriation No. 1037.1)

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