



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
December 9, 2019; replaces November 21, 2017 revision

1. General

The motor vehicle excise tax is an annual tax imposed for the privilege of operating a motor vehicle on public roads. This bulletin discusses the applicability of motor vehicle excise tax to automobiles, buses, trucks, truck tractors, motorcycles, and special mobile equipment.

Mobile homes, camper trailers, and aircraft are also subject to excise tax, but are not covered by this bulletin. Detailed information about the excise tax as applied to mobile homes and camper trailers may be found in Property Tax Bulletin No. 6 – Taxation of Mobile Homes and Camper Trailers. For information about the excise tax as applied to aircraft, contact the Property Tax Division using the contact information at the end of this bulletin.

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. A motor vehicle, for which an excise tax has not been paid before property taxes are committed is subject to 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 individual resident 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 Secretary of State.
- (3) If a motor vehicle is owned by a corporation or a partnership, the excise tax must be paid to the municipality where the registered or main office of the business 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 motor vehicles must be paid to that municipality. The temporary location of an office and the stationing of motor 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 Maine, the excise tax must be paid to the Secretary of State.

- (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 motor vehicle with an MSRP of \$25,000 results in a tax of \$600 ($\$25,000 \times 0.024$).

- (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. An annual minimum tax of \$5 applies.

The rate for "first or current year of model" applies to current-year model motor vehicles, and motor vehicles registered in their first year of availability. Thus, a 2019 model year motor vehicle registered in 2019 (the current year of model) and a 2020 model year motor vehicle registered in 2019 (the first year of model) would both be subject to the excise tax at the first-year rate of 24 mills.

- (2) For a brand new 2018 model year motor vehicle registered for the first time in 2019, the second-year rate applies because the motor vehicle is not the first or current year of model. As discussed above, a 2019 model year motor vehicle registered during 2019 will be charged the first-year rate unless section 3 below applies, even after the 2020 models have become available.
- (3) If an excise tax was paid in Maine for the previous registration year by the same person on the same motor vehicle, the excise tax for the current registration year is computed as if the motor vehicle were in its next year of model. Thus, in the example in section 1 above, if a 2020 model year motor vehicle was registered in Maine and the excise tax paid in 2019, the motor vehicle would be subject to tax at the second-year rate when reregistered by the same owner in 2020.
- (4) Generally, motor vehicles registered during the last four months of the registration year will only be subject to half the calculated excise tax. This does not apply to motor vehicles that are being registered for the first time. If the motor vehicle is a farm truck, half of the tax will apply if registered during the last six months of the registration year. "Farm truck" means a farm truck, as defined in 29-A M.R.S. § 505(1), with two or three axles and used primarily for transportation of agricultural produce grown by the owner on the owner's land. During the last four months of the registration year, the annual minimum tax is \$2.50 for a motor vehicle.

D. Credit/refunds of excise tax. Credits and refunds of excise tax are allowed as follows:

- (1) If a motor vehicle is sold or lost, the motor vehicle owner may be entitled to a credit for the excise tax paid on the sold or lost vehicle against the excise tax due on a subsequent vehicle. A transfer fee of \$3 is due to the municipality. If less than four months remain on the current registration, the credit is limited to half of the tax paid. The expiration date of the new motor vehicle's registration will be the expiration date of the current registration.
- (2) A credit for excise tax paid is also allowed when the owner has totally discontinued use of a motor vehicle. "Totally discontinued" means the owner has permanently discontinued all use of the motor vehicle except for selling, transferring ownership, junking, or abandoning the motor vehicle. To receive a credit, the owner must submit a signed statement attesting that use of the motor vehicle has been totally discontinued.
- (3) Credit is not limited to the municipality where the original excise tax was paid. Thus, when an owner moves, replaces a motor 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.
- (4) If the available credit exceeds the amount transferred to another vehicle, a municipality may choose, but is not required to, refund the excess amount.
- (5) 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.

E. Examples of continuous credit.

- (1) John registers a new car with an MSRP of \$25,000 in January 2019. The first-year rate of 24 mills produces a tax of \$600 ($\$25,000 \times 0.024$), which John pays. In April 2019, John trades in his car for another new car, this one with an MSRP of \$28,000. The tax on the replacement vehicle 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 2019. The first-year rate of 24 mills produces a tax of \$600 ($\$25,000 \times 0.024$), which Jane pays. In October 2019, Jane's car is totaled, and she purchases a 2014 vehicle with an original MSRP of \$22,000. The excise tax for the six-year-old replacement motor vehicle, applying the rate of 4 mills, is \$88 ($\$22,000 \times 0.004$). Because the 2014 vehicle is being registered during the last four months of the registration year, it is only subject to half the calculated tax. In addition,

because there are less than four months remaining in the registration year, the credit for the previously paid excise tax is limited to half the original tax paid. The excise tax for the replacement vehicle is therefore calculated as follows:

Tax on replacement car	\$ 44	Half the calculated excise tax
Credit for tax paid	<u>(\$300)</u>	<u>Half the original tax paid</u>
Subtotal	\$ 0	
Transfer fee	\$ 3	
Excise tax balance due	\$ 3	

Note that the credit for tax paid does not apply against the transfer fee. The \$5.00 minimum tax also does not apply to the balance due on a transfer.

F. Price to be used in calculating tax.

MSRP. The statute requires, except for certain exceptions listed below, that the MSRP be used as the basis of the excise tax. The MSRP is defined, in the case of motor 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 motor 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 motor vehicle at the time the excise tax is paid.

- (1) Whenever a new motor 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 motor 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 motor vehicle. The tax collector should make an effort to obtain full details about a motor vehicle to assure determination of correct value.
- (3) When new equipment is mounted on an old chassis or vice versa, such as with self-propelled contractor's equipment, the two elements of value making up the motor vehicle should be computed separately according to MSRP, and separate rates applied to the two elements appropriate to the model year of each. The collector then determines the tax on each element and adds the results to calculate the total motor vehicle excise tax.
- (4) Special purpose motor vehicles such as dune buggies present another type of challenge. Generally, 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 motor vehicle is registered.

Exceptions.

- (1) For commercial motor vehicles manufactured in model year 1996 and after, the excise tax on trucks or truck tractors over 26,000 pounds and Class A special mobile equipment is

based on the initial purchase price of the vehicle including accessories and equipment installed on that vehicle in the original year of title. Commercial motor vehicles manufactured prior to model-year 1996 are based on the manufacturer's list price.

- (2) For buses manufactured in model-year 2006 and after, the excise tax is based on the purchase price in the original year of title rather than on the list price.
- (3) Whenever a motor vehicle described in section 1 or 2 above is being registered, the tax collector should request a copy of the original dealer's invoice or owner's bill of sale which details the motor vehicle and any accessory equipment. In the case of registration renewal or transfer, attention should be paid to the original purchase price that was paid for that motor vehicle.
- (4) The Maine Bureau of Motor Vehicles has established procedures for municipalities to report and claim reimbursement for any revenue loss resulting from the use of a motor vehicle's initial purchase price instead of the manufacturer's list price for that motor vehicle.
- (5) 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.

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

- (1) State vehicles. Motor vehicles owned by the State or by any counties, municipalities, or other political subdivisions of the State.
- (2) Driver education. Motor vehicles registered by a municipality 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. Motor 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. Motor vehicles to be lawfully operated on transporter registration certificates.
- (6) Railroads. Motor vehicles owned by railroad companies that pay an excise tax to the State.
- (7) Benevolent and charitable institutions. Motor 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. Motor vehicles owned and used solely for their own purposes by literary and scientific institutions.

- (9) Religious societies. Motor 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) Certain nonresidents. Motor vehicles permitted to operate without Maine registration under 29-A M.R.S. § 109.
- (12) Interstate commerce. Motor vehicles traveling in the State only in interstate commerce that are owned in a state where an excise or property tax has been paid on the vehicle and that grants Maine-owned vehicles the exemption provided in this subsection.
- (13) Certain buses. Buses used for the transportation of passengers for hire in interstate or intrastate commerce, or both, by carriers engaged in furnishing common carrier passenger service. At the option of the appropriate municipality, those buses may be subject to the excise tax.
- (14) Adaptive equipment. Adaptive equipment installed on a motor vehicle owned by a disabled person or the family of a disabled person to make that motor vehicle operable or accessible by a disabled person;
- (15) Active military stationed in Maine. Motor 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 Maine. 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;
- (16) Active military stationed outside of Maine. A municipality may, by ordinance, apply an excise tax exemption to motor vehicles owned by a resident on active duty serving in the Armed Forces of the United States who is permanently stationed at an out-of-state military or naval post, station, or base. This exemption may also apply to a resident service member deployed out-of-state for more than 180 days. For purposes of this subsection, “a person on active duty serving in the Armed Forces of the United States” includes a member of the National Guard or the Reserves of the United States Armed Forces;
- (17) Well-drilling equipment. Water well-drilling equipment attached to a motor vehicle used for business purposes is exempt from the excise tax. This exempt equipment is instead subject to personal property tax.

3. Personal Property Taxation of Motor Vehicles.

A motor vehicle brought into Maine is subject to personal property tax unless the vehicle owner pays excise tax on it in Maine. If the personal property tax on a motor vehicle was paid and the owner later wishes to register the motor vehicle, the property tax paid must be allowed as a credit against 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 or the location of the principal place of business 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) Motor 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. In addition, motor 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.

MAINE REVENUE SERVICES
PROPERTY TAX DIVISION
PO BOX 9106
AUGUSTA, MAINE 04332-9106
TEL: (207) 624-5600
EMAIL: PROP.TAX@MAINE.GOV
WWW.MAINE.GOV/REVENUE/PROPERTYTAX

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AUTHORIZED PRICE SOURCE LIST

The following companies are used and authorized by Maine Revenue Services as sources which satisfy the requirement of "Maker's List Price," under 36 M.R.S., § 1482(4).

N.A.D.A. (Passenger Vehicles, Motor Homes, Camper Trailers, Motorcycles, Mopeds)
www.nadaguidesstore.com/Type/Print-Guidebooks | 800-966-6232

Price Digests (Passenger Vehicles, Trucks, Farm Tractors and Equipment)
app.pricedigests.com | 888-488-2062

Equipment Watch (Equipment, Industrial Tractors)
equipmentwatch.com | 800-669-3282