

CHAPTER 9 MOTOR VEHICLE EXCISE AGENDA AND OBJECTIVES

A. PRESENTATION TOPICS

1. Nature of the motor vehicle excise.
2. Duties and powers of assessors in administering the motor vehicle excise.
3. Rights of taxpayers regarding motor vehicle excise bills.

B. SESSION OBJECTIVES

1. Participants will understand the assessors' responsibilities and authority regarding motor vehicle excises.
2. Participants will understand the roles of the Registry of Motor Vehicles, the collector and the Department of Revenue in the administration of the motor vehicle excise.
3. Participants will understand the rights taxpayers have regarding their motor vehicle excise bills.

CHAPTER 9

MOTOR VEHICLE EXCISE

1.0 OVERVIEW AND DEFINITIONS

1.1 Definition

The motor vehicle excise is a tax assessed on owners of all registered motor vehicles for the privilege of registration.¹

1.2 Property Tax Exemption

The motor vehicle excise is assessed instead of a personal property tax. Motor vehicles subject to or exempt from the excise are also exempt from personal property taxes.²

2.0 ASSESSMENT

2.1. Person Assessed

The motor vehicle excise is assessed to the registered owner of a motor vehicle. A person who registers a motor vehicle is considered its owner.³

2.2 Place Assessed

The city or town where the vehicle is customarily kept, *i.e.*, garaged, assesses the motor vehicle excise.⁴ A vehicle is presumed to be customarily kept at the owner's residential address or principal place of business, as determined by the owner's registration.

If the Registry of Motor Vehicles (RMV) is notified that the vehicle is actually kept in some other city or town, that municipality assesses the excise.

2.3 Period Assessed

The motor vehicle excise is assessed on a calendar year basis.⁵

2.4 Amount Assessed

The motor vehicle excise for a full calendar year is determined by multiplying the excise rate by the vehicle's excise value for that year. That amount is pro-rated for the number of months the vehicle is registered.

2.4.1 Excise Rate

The excise rate is \$25 per thousand of vehicle valuation.

2.4.2 **Excise Value**

The excise value is a specified percentage of the manufacturer's suggested list price for the type of vehicle at the time of its manufacture. The percentage declines over several years until it reaches 10 percent of that list price in the fifth year after manufacture and all succeeding years for the life of the vehicle.

The excise value for a particular year is determined by multiplying (1) the manufacturer's list price by (2) the applicable percentage.

<u>Excise Assessed for:</u>	<u>Percentage</u>
Year before model year	50%
Model year	90%
Second year	60%
Third year	40%
Fourth year	25%
Fifth and following years	10%

2.4.3 **Months Registered**

Vehicles registered as of January 1, and during January, are assessed for the full calendar year.

Vehicles registered after January 31 are assessed for the month the vehicle is registered and the months remaining in the calendar year.

Example

The excise on a vehicle registered on March 31 is assessed for the months of March through December, *i.e.*, 10/12th of the excise amount for the full calendar year.

2.4.4 **Minimum Excise**

Excises must be at least \$5.⁶ If the value of the vehicle, or pro-rata by months registered, result in an excise less than \$5, the excise is \$5.

3.0 **ABATEMENTS**

3.1 **Reasons**

3.1.1 **Overvalued Vehicle**

A taxpayer is eligible for an abatement if the vehicle is valued for more than the percentage of manufacturer's list price that applies for that year.⁷

3.1.2 Transferred Ownership

A taxpayer who transfers ownership of the vehicle during the calendar year is eligible for an abatement if the registration is cancelled or transferred to another vehicle during the same year. The transfer may be by sale, trade, gift, repossession, subrogation or any other type of disposition where title passes. No abatement may be made if the taxpayer cancels or transfers the registration, but retains ownership of the vehicle.

3.1.3 Moved Outside Massachusetts

A taxpayer who moves to another state or country is eligible for an abatement if the taxpayer (1) registers the vehicle in the new location, and (2) cancels or does not renew the Massachusetts registration, during the same calendar year.

3.1.4 Stolen Vehicle

A taxpayer whose vehicle is stolen is eligible for an abatement if the taxpayer (1) reports the theft to the police within 48 hours, and (2) cancels the registration and obtains a certificate from the RMV no sooner than 30 days after theft.

3.1.5 Re-registered Vehicle

A taxpayer who cancels the registration during the year, retains ownership of the vehicle and then re-registers it later during that same calendar year is eligible for a full abatement of the excise assessed when the vehicle is re-registered.

3.2 Amount

Abatements granted to taxpayers who have transferred ownership of their vehicles, moved out of Massachusetts or had their vehicles stolen are based on the number of months remaining in the calendar year after the month the last action required for the abatement occurs.

Example

An owner sells a motor vehicle in July and cancels the registration on that vehicle in September. An abatement is granted for the months of October through December, *i.e.*, 3/12th of the excise assessed for the year.

An exception applies for an owner who transfers ownership of a vehicle and then transfers the registration from that vehicle to another in the same month. The abatement is for the month the registration is transferred and the months remaining in the calendar year.

Examples

An owner sells a motor vehicle in July and cancels the registration on that vehicle in that same month. An abatement is granted for the months of August through December, *i.e.*, 5/12th of the excise assessed for the year.

An owner sells a motor vehicle in July, but transfers that registration to another vehicle in that same month. An abatement is granted for the months of July through December, *i.e.*, 6/12th of the excise assessed for the year.

3.3 Application

An application for an abatement must be received by the assessors within three years after the excise was due, or one year after the excise was paid, whichever is later.⁸

Examples

A motor vehicle excise is due on February 25, 2016.

The taxpayer pays the excise on February 20, 2016. Any abatement application is due by February 25, 2019.

If the taxpayer pays the excise on December 1, 2017, the application is still due by February 25, 2019.

If the taxpayer pays the excise on June 10, 2019, however, the application must be filed by June 10, 2020.

Assessors have three months from the date they receive an abatement application to grant or deny an abatement.⁹ The three month action period can be extended by written consent of the taxpayer. The application is deemed denied if the assessors do not act within the three month, or extended, action period.¹⁰

A taxpayer aggrieved by the assessors' action or failure to act on an abatement application may appeal to the county commissioners or the state Appellate Tax Board (ATB).¹¹ The appeal must be filed within three months of the date the assessors granted or denied the abatement, or the date the application was deemed denied if they did not act.¹²

3.4 Discretionary Abatements

Assessors may abate motor vehicle excises in certain circumstances where the taxpayer did not timely apply for abatement, but only if the excise is still outstanding.¹³ Any action on a late filed application is solely discretionary and cannot be appealed to any local or state board, agency or official. The taxpayer's

recourse is to pay the excise and file an abatement application within one year of the payment date. See Section 3.3 above.

3.5 Minimum Abatement and Refund

Assessors may not grant an abatement that is less than \$5 or results in a motor vehicle excise of less than \$5, unless they abate the excise in full.¹⁴

3.6 Abatement of Uncollectible Excises

Assessors may abate certain motor vehicle excises upon the collector's request. The collector notifies the assessors in writing under oath that the excises are uncollectible because the taxpayer is dead, absent, bankrupt, insolvent or otherwise unable to pay. Within 30 days, the assessors must review the request and certify any abatements they grant to the collector.¹⁵

4.0 EXEMPTIONS

4.1 Ownership Requirement

Some individuals, organizations or entities are exempt from the motor vehicle excise assessed on one or all of the vehicles they own and register if they meet certain qualifications.¹⁶

Vehicles leased by these individuals are also exempt from the excise as explained in Sections 4.4 to 4.8 below. Vehicles leased by organizations or entities, however, are not exempt from the excise with the one exception explained in Section 4.3.2 below. The excise is assessed to the owner-lessor, not the lessee. This cost may be passed on to the lessee by the terms of the lease, but the owner is legally liable for payment.

4.2 Governments

Vehicles owned and registered by the United States, the Commonwealth of Massachusetts or any political subdivision of the Commonwealth are exempt from the motor vehicle excise.

4.3. Charitable and Religious Organizations

4.3.1 Owned Vehicles

Vehicles owned and registered by a charitable or religious organization that qualifies for an exemption from personal property taxes¹⁷ are exempt from the motor vehicle excise.

4.3.2 Leased Vehicles

Vehicles leased by charitable organizations are exempt only if:

- The charity is not an educational institution that grants degrees or awards diplomas, and
- The lease covers the full calendar year of the excise.

No other vehicles leased by charitable or religious organizations are exempt.

4.4 Applicants for Exemptions for Individuals

Individuals, who qualify for exemptions from the motor vehicle excise for vehicles they own and register or lease, and the following persons acting on their behalf, may apply to the assessors:

- A qualifying owner's spouse if the vehicle is jointly owned or leased.
- A qualifying owner's surviving spouse, executor under a will, or administrator of the estate if the owner did not apply while alive.

4.5 Disabled and Blind Non-Veterans

Vehicles owned and registered or leased by some disabled and blind individuals for their personal, non-business use are exempt from the motor vehicle excise. To qualify, a physician must certify that the individual:

- Actually lost both legs or both arms,
- Had a permanent loss of use of both legs or both arms, or
- Had permanent impairment of vision meeting certain specifications in both eyes.

The exemption is based on whether the individual meets these disability standards, not whether the person has or qualifies for a handicapped plate under RMV regulations.

An individual who qualifies and owns or leases more than one vehicle for personal, non-business use may have the exemption applied to the vehicle of choice.

4.6. Disabled and Blind Veterans

Vehicles owned and registered or leased by some disabled or blind veterans for their personal, non-business use are exempt from the motor vehicle excise. To qualify:

- The veteran must have been honorably discharged from peacetime or wartime military service
- The veteran must be disabled due to that service according to the following standards:
 - The Veterans Administration must certify that due to that service the veteran:
 - Has actually lost at least one foot or hand,
 - Has a permanent loss of use of at least one foot or hand, or
 - Has permanent impairment of vision meeting certain specifications in at least one eye.

OR

- The Medical Advisory Board (MAB) within the RMV has determined that due to that service the veteran is permanently disabled.¹⁸

The exemption is based solely on whether the individual meets these disability standards. These standards differ from, and are generally narrower than, than those used to determine eligibility for property tax exemptions for veterans.

A veteran who qualifies and owns or leases more than one vehicle for personal, non-business use may have the exemption applied to the vehicle of choice.

4.7 Prisoners of Wars and Surviving Spouses

Vehicles owned and registered or leased by former prisoners of war, or their surviving spouses, are exempt from the motor vehicle excise if:

- The city or town has accepted this local option exemption. Acceptance is by vote of the legislative body subject to local charter.
- The Veterans Administration, or the veteran's discharge, documents that the veteran was held as a prisoner of war.

The exemption is based on whether the individual meets these standards, not whether the person has or qualifies for a prisoner of war plate under RMV regulations.

A surviving spouse of a former prisoner of war may receive the exemption until remarriage.

A former prisoner of war, or surviving spouse, who qualifies and owns or leases more than one vehicle for personal, non-business use may have the exemption applied to the vehicle of choice.

4.8 Domiciliary Military Personnel

Vehicles owned and registered or leased by military personnel who are Massachusetts domiciliaries are exempt from the motor vehicle excise if:

- The city or town has accepted this local option exemption. Acceptance is by vote of the legislative body subject to local charter. The exemption takes effect the January 1 after the calendar year the acceptance is voted.
- The service person is on active military duty outside Massachusetts for at least 45 days of the excise calendar year. If the service person is wounded or killed in an armed conflict, the 45 day limitation does not apply.

Military personnel who qualify and own or lease more than one vehicle for personal, non-business use may have the exemption applied to the vehicle of choice.

If this option is adopted, the charge added by the collector to a delinquent excise when a warrant to collect is issued to a deputy collector is increased by \$3.

4.9 Non-Domiciliary Military Personnel

Vehicles owned and registered by military personnel who are not Massachusetts domiciliaries are exempt from the motor vehicle excise under federal law if the commanding officer of the service person certifies that the person is a domiciliary of another state and is stationed in Massachusetts or elsewhere due to military orders.¹⁹

Also exempt are vehicles owned and registered by the service person's spouse if the spouse is domiciled in the same state as the service person and is in Massachusetts solely to reside with the service person.²⁰

Military personnel, or their spouses, who qualify and own more than one vehicle may receive an exemption on all vehicles that are not used in a business or trade.²¹

4.10. General Registration Plates

The RMV issues general registration number plates to persons or businesses in certain occupations.²² Special general registration plates are currently issued to (1) motor vehicle manufacturers, (2) motor vehicle dealers, (3) motor vehicle repairers, (4) owner-contractors and (5) farmers.

4.10.1 Exempt Vehicles

4.10.1.1 Dealer Plates on Manufacturer-Owned Vehicles

Manufacturer-owned vehicles that display dealer plates and are operated exclusively for sale and demonstration-related purposes in connection with the manufacturer's obligation to its dealer network in Massachusetts are exempt from the excise.

4.10.1.2 Farm Plates

Vehicles operated with farm plates are exempt from the excise if:

- The owner-farmer applies for the exemption,
- The vehicles are not passenger vehicles, and
- The vehicles are used exclusively for farm purposes.

4.10.1.3 Owner-Contractor Plates

Special mobile equipment operated with owner-contractor plates is not subject to the excise because it does not meet the definition of a motor vehicle.²³ However, the equipment should be assessed a personal property tax unless it qualifies for exemption under G.L. c. 59.

4.10.2 Taxable Vehicles

4.10.2.1 Repair Plates

Vehicles operated with repair plates are subject to the excise.

4.10.2.2 Owner-Contractor Plates

Vehicles operated with owner-contractor plates are subject to the excise.

Special mobile equipment operated with owner-contractor plates is not subject to the excise, but may be subject to a personal property tax. See Section 4.10.1.3 above.

4.10.3 Dealer Plates Excise

Dealer plates are subject to a special \$100 excise per dealer plate.²⁴

Vehicles operated with dealer plates may be operated by owners and their spouses, and by employees of the dealership with sales responsibilities, for any purpose, including personal use.

4.11 State Reimbursement

The Commonwealth reimburses municipalities for loss of tax revenue due to exemptions for eligible taxpayers who lease vehicles and some veterans, unless the exemption granted requires local acceptance. Table 1 summarizes the exemptions that are reimbursed. Assessors must report the exemptions granted to DOR each year in order for their municipality to be reimbursed.²⁵

The reports are submitted to the Municipal Databank. Assessors should submit the reports as soon as possible after all exemption applications have been processed, but the last day to submit for reimbursement is August 20. Reimbursements are subject to annual appropriation and any balances revert to the state's general fund on August 30.

5.0 COLLECTION

5.1 Due Date

Motor vehicle excise bills are due and payable 30 days after their issuance.²⁶

5.2 Interest

Interest on delinquent bills accrues at 12 percent per year from the due date.²⁷

5.3 Collection Remedies

5.3.1 Personal Property Collection Remedies

A collector may use all of the available remedies for the collection of personal property tax bills to collect delinquent motor vehicle excises.²⁸

5.3.2 Non-Renewal Procedure

A collector may place in non-renewal status the license and registration of a delinquent taxpayer.²⁹ The taxpayer will not be able to renew the license and registration when they expire until the excise is paid or abated.

To “mark” a registration or license at the RMV, the collector must provide several notices to the taxpayer.³⁰ First, the collector must mail a demand for payment. The earliest a demand may be issued is two days after the excise due date. If the excise is still unpaid after 14 days, the collector must issue a warrant to collect the excise to a deputy collector or other collection official, who must notify the taxpayer that a warrant has been issued. If the excise is not paid within 30 days, the taxpayer must be served the warrant. The RMV may be notified after the warrant is served.

¹ G.L. c. 60A, § 1.

² Registered vehicles are exempt from the personal property tax. G.L. c. 59, § 5, cl. 35.

³ G.L. c. 90, § 2.

⁴ G.L. c. 60A, § 6.

⁵ January 1 through December 31.

⁶ G.L. c. 60A, § 1.

⁷ G.L. c. 60A, § 1 establishes the values of vehicles determined through this formula. Taxpayers do not have a right to individual determinations of value based on the actual purchase price or current condition of the vehicle. *Lily Transportation Co. v Board of Assessors of Medford*, 427 Mass. 228 (1998).

⁸ G.L. c. 60A, § 2.

⁹ G.L. c. 59, § 64

¹⁰ G.L. c. 59, § 64.

¹¹ G.L. c. 59, § 65.

¹² G.L. c. 59, §§ 64 and 65.

¹³ G.L. c. 60A, § 8.

¹⁴ G.L. c. 60A, § 1.

¹⁵ G.L. c. 60A, § 7.

¹⁶ G.L. c. 60A, § 1.

¹⁷ G.L. c. 59, § 5, cl. 3 and 10.

¹⁸ [Bulletin 2015-01B, Motor Vehicle Excise Exemptions for Veterans – Revised Registry of Motor Vehicle Procedure](#)

¹⁹ 50 U.S.C. App. §§ 571(a)(1) and (d), Federal Servicemembers Civil Relief Act.

²⁰ 50 U.S.C. App. §§ 571(a)(2) and (d).

²¹ 50 U.S.C. App. §§ 571(d)(3).

²² G.L. c. 90, § 5.

²³ G.L. c. 90, § 1.

²⁴ G.L. c. 60A, § 1.

²⁵ [Request for Reimbursement – Motor Vehicle Excise Exemptions](#)

²⁶ G.L. c. 60A, § 2.

²⁷ G.L. c. 60A, § 2.

²⁸ G.L. c. 60A, § 3.

²⁹ G.L. c. 60A, § 2A.

³⁰ *Wright v. Collector and Treasurer of Arlington*, 422 Mass. 455 (1996).

TABLE 1. Exempt Individuals - State Reimbursements¹

ELIGIBLE TAXPAYERS	REIMBURSEMENT	
	Owned Vehicles	Leased Vehicles
Non-veterans who have lost or have a permanent loss of use of both legs, both arms or the sight in both eyes	None	Exemption granted
World War I veterans, World War II veterans, Korean War veterans, Viet Nam War veterans who have one of the following disabilities as determined by the VA: <ul style="list-style-type: none"> • Actual loss of at least one foot or hand, • Permanent and complete loss of use of at least one foot or hand, or • Permanent impairment of vision meeting certain specifications in at least one eye 	None	Exemption granted
World War I veterans, World War II veterans, Korean War veterans, Viet Nam War veterans who have a permanent disability determined by the RMV MAB	Exemption granted	Exemption granted
Peacetime veterans Wartime veterans <u>other than</u> World War I, World War II, Korean and Viet Nam	Exemption granted	Exemption granted
If locally accepted, former prisoners of war and their surviving spouses (until remarriage) If locally accepted, Massachusetts residents in active military service and deployed outside Massachusetts for at least 45 days in excise calendar year	None	None

¹ Subject to annual appropriation.

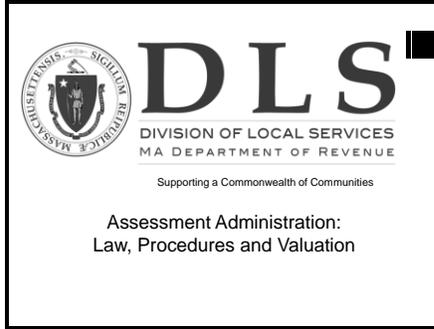
MOTOR VEHICLE EXCISE ADDITIONAL RESOURCES

The following are additional resources on the Motor Vehicle Excise produced by DLS that are available on our website: www.mass.gov/dls.

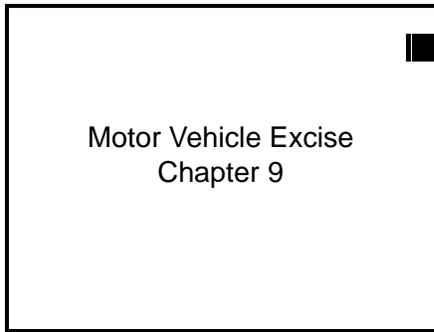
- ***Informational Guideline Releases (IGRs)*** – Guidelines that explain the policies and procedures regarding motor vehicle excises include:
 - [04-209](#) Motor Vehicle and Boat Excise Abatements (December)
 - [13-208](#) Motor Vehicle Excise Bills (March)
 - [15-211](#) Motor Vehicle Excise Exemptions for Individuals who Lease Vehicles (March)

- ***Bulletins*** – Bulletins that advise about new legislation or other issues regarding motor vehicle excises include:
 - [2015-01B](#) Motor Vehicle Excise Exemptions for Veterans – Revised Registry of Motor Vehicles Procedure

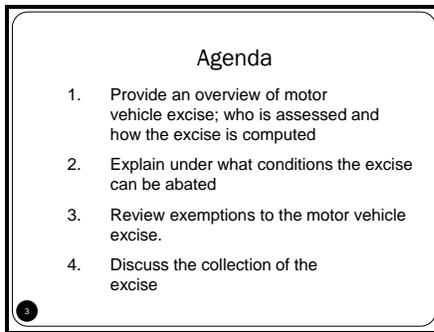
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Overview of Motor Vehicle Excise

- M.G.L. Chapter 60A
- Privilege of registration
- In lieu of personal property tax
- Assessed to registered owner
- Assessed where vehicle garaged

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Overview of Motor Vehicle Excise

- Assessed for calendar year
- Excise rate is \$25 per \$1000 valuation
- Valuation is % of manufacturer's suggested list price of vehicle (MSRP)
- Pro-rated for if vehicle registered after January 31
- Minimum excise of \$5

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Vehicle Valuation

Year before model year	50% MSRP
Model year	90%
2 nd year	60%
3 rd year	40%
4 th year	25%
5 th and following years	10%

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Example of Vehicle Valuation
2016 model vehicle MSRP of \$ 20,000

2015	50% = \$ 10,000
2016	90% = 18,000
2017	60% = 12,000
2018	40% = 8,000
2019	25% = 5,000
2020 & after	10% = 2,000

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Prorated Motor Vehicle Excise

- Registered after January 31:
- Excise assessed pro-rated based on number of remaining months in the year

Example:

- Registration on April 28
- Excise assessed for 9 months

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Motor Vehicle Excise Abatements

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Criteria for Abatement

- Overvalued vehicle
- Transferred ownership
- Moved outside Massachusetts
- Stolen vehicle
- Re-registered vehicle

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Transfer of Ownership

Owner transfers ownership

- Must also cancel or transfer registration
- Abatement for months remaining after last action

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Example of Transfer of Ownership

Owner sells vehicle July 10
Owner cancels registration September 15

Abatement for months:
October - December (3/12)

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Transfer of Ownership

Exception:

- Owner sells vehicle and transfers registration in same month
- Abatement for month of transfer and remaining months

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Example of Transfer in Same Month

Example:

Owner sells vehicle July 10
Owner transfers registration July 15

Abatement for July- December (6/12)

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Minimum Abatement

NO partial abatement or refund less than \$5

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Deadline for Abatement Application

Later of:

- 3 years after excise due
- 1 year after excise paid

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Discretionary Abatements

- Power to abate for late application:
 - Excise must be unpaid
 - No appeal
 - Taxpayer's recourse to pay tax and apply within 1 year

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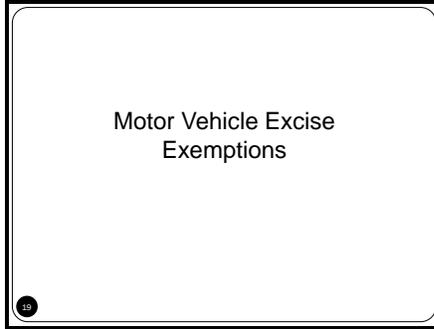
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Abatement of Uncollectible Excises

- May abate if:
 - Collector certifies in writing
 - Taxpayer is deceased, absent, bankrupt or unable to pay

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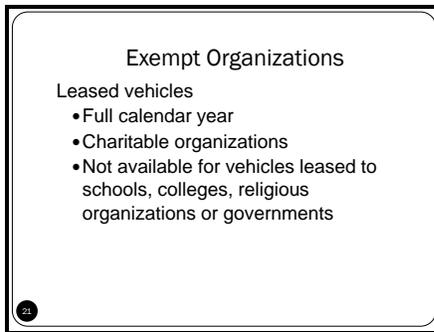
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Exempt Individuals

- Blind or disabled non-veterans
 - Actual loss, or loss of use, of two legs, two arms, lost vision in two eyes

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Exempt Individuals

- Disabled veterans
 - Actual loss, or loss of use, of one foot, hand, lost vision in one eye
 - Permanent disability finding by RMV Medical Disability Board

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Exempt Individuals

- Former Prisoners of War and their surviving spouses (Local Acceptance)
- Massachusetts Residents on Active Duty outside Massachusetts for at Least 45 Days of the Calendar Year (Local Acceptance)
- Non-resident Servicemembers (and spouses) (Federal Law)

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Exempt Individuals

- Disabled veterans and non-veterans, Former Prisoners of War (and surviving spouses) and MA Servicemembers stationed outside Massachusetts can receive exemption on vehicles they own or lease

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Special Plates



DEALER PLATE

- Auto dealership owned vehicles
- Special \$100 excise per plate
- May be operated by owner, spouse or dealer sales personnel
- Personal use allowed

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Special Plates



FARM PLATE

- Can be used on farm machinery or other non-passenger motor vehicles
- Must be used 100% for farm purposes
- Any personal use subjects vehicle to excise and \$100 penalty

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Special Plates



OWNER CONTRACTOR PLATE

- Special mobile equipment
- Used in construction
- Over 12,000 lbs

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Special Plates



OWNER CONTRACTOR PLATE

- Not subject to excise
- Plate for use of public ways to get to and from job sites
- May be subject to personal property tax

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**Motor Vehicle Excise
Collections**

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Excise Due Dates

- Excise due 30 days after issuance of bills
- Interest accrues at 12% from due date



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Collection Remedies



RMV marking requires demand and warrant

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