

## **CHAPTER 9 MOTOR VEHICLE EXCISE MODULE TOPICS AND OBJECTIVES**

### **A. 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. 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 MODULE

### 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.<sup>1</sup>

#### 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.<sup>2</sup>

### 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.<sup>3</sup>

#### 2.2 Place Assessed

The city or town where the vehicle is customarily kept, *i.e.*, garaged, assesses the motor vehicle excise.<sup>4</sup> 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.<sup>5</sup>

#### 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.*, 10/12<sup>th</sup> of the excise amount for the full calendar year.**

### 2.4.4 Minimum Excise

Excises must be at least \$5.<sup>6</sup> If the value of the vehicle, or pro-rata by months registered, results 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.<sup>7</sup>

**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.*, 3/12<sup>th</sup> 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.*, 5/12<sup>th</sup> 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.*, 6/12<sup>th</sup> 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.<sup>8</sup>

**Examples**

**A motor vehicle excise is due on February 25, 2019.**

**The taxpayer pays the excise on February 20, 2019. Any abatement application is due by February 25, 2022.**

**If the taxpayer pays the excise on December 1, 2020, the application is still due by February 25, 2022.**

**If the taxpayer pays the excise on June 10, 2022, however, the application must be filed by June 10, 2023.**

Assessors have three months from the date they receive an abatement application to grant or deny an abatement.<sup>9</sup> 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.<sup>10</sup>

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).<sup>11</sup> 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.<sup>12</sup>

### **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.<sup>13</sup> 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. Table 1 summarizes the assessors' jurisdiction to act on a taxpayer's abatement application.

### **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.<sup>14</sup>

### **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 and 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.<sup>15</sup>

## **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.<sup>16</sup>

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 qualify for an exemption from personal property taxes<sup>17</sup> 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 or personal representative 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. Evidence would be a current "Certificate of Legal Blindness" or current identification and certificate of blindness card from the Massachusetts Commission for the Blind or you may substitute a statement from your doctor or optometrist certifying you are legally blind under G.L. c. 6, § 136.

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 United States Department of Veteran Affairs has determined that the veteran has a combined service-connected disability rating of 100% or is unemployable due to their service-connected disability..<sup>18</sup>

The exemption is based solely on whether the individual meets these disability standards. These standards differ from, and are generally narrower 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 members of the United States military, including members of the National Guard or reserves, who are Massachusetts domiciliaries are exempt from the motor vehicle excise if the service member is on active military duty outside Massachusetts for at least 180 continuous days during the excise calendar year. If the service member is wounded or killed in an armed conflict, the 180-day limitation does not apply.

The vehicle must be owned and registered by or leased to the service member in the service member's name or jointly in the name of the member and member's spouse. 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.

#### **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.<sup>19</sup>

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.<sup>20</sup>

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.<sup>21</sup>

#### **4.10. General Registration Plates**

The RMV issues general registration number plates to persons or businesses in certain occupations.<sup>22</sup> 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.

##### **4.10.2 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.

However, mobile construction cranes and other special mobile equipment operated with owner-contractor plates are not subject to the excise because they are not motor vehicles. They may be subject to a personal property tax.

#### **4.10.3 Dealer Plates Excise**

Dealer plates are subject to a special \$100 excise per dealer plate.<sup>23</sup>

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 Application**

Motor vehicle excise exemption applications must be received by the assessors by the same deadline, and are processed by the assessors in the same manner, as excise abatement applications. See Sections 3.3 and 3.4 above.

#### **4.12 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 2 summarizes the exemptions that are reimbursed. Assessors must report the exemptions granted to DOR each year in order for their municipality to be reimbursed.

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 April 30.

Reimbursements are subject to annual appropriation and any balances revert to the state's general fund.

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<sup>1</sup> G.L. c. 60A, § 1.

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

<sup>3</sup> G.L. c. 90, § 2.

<sup>4</sup> G.L. c. 60A, § 6.

<sup>5</sup> January 1 through December 31.

<sup>6</sup> G.L. c. 60A, § 1.

<sup>7</sup> G.L. c. 60A, § 1 establishes the values of vehicles determined through this formula. In upholding the constitutionality of the motor vehicle excise assessed using the collective valuation formula found in that statute, the Supreme Judicial Court held that taxpayers do not have a right to individual determinations of value based on the actual purchase price or current condition of their vehicles. *Lily Transportation Co. v Board of Assessors of Medford*, 427 Mass. 228 (1998).

<sup>8</sup> G.L. c. 60A, § 2.

<sup>9</sup> G.L. c. 59, § 64.

<sup>10</sup> G.L. c. 59, § 64.

<sup>11</sup> G.L. c. 59, § 65.

<sup>12</sup> G.L. c. 59, §§ 64 and 65.

<sup>13</sup> G.L. c. 60A, § 8.

<sup>14</sup> G.L. c. 60A, § 1.

<sup>15</sup> G.L. c. 60A, § 7.

<sup>16</sup> G.L. c. 60A, § 1.

<sup>17</sup> G.L. c. 59, § 5, cl. 3 and 10.

<sup>18</sup> G.L. c. 60A, § 1.

<sup>19</sup> 50 U.S.C. App. §§ 4001(a)(1) and (d), Federal Servicemembers Civil Relief Act.

<sup>20</sup> 50 U.S.C. App. §§ 4001(a)(2) and (d).

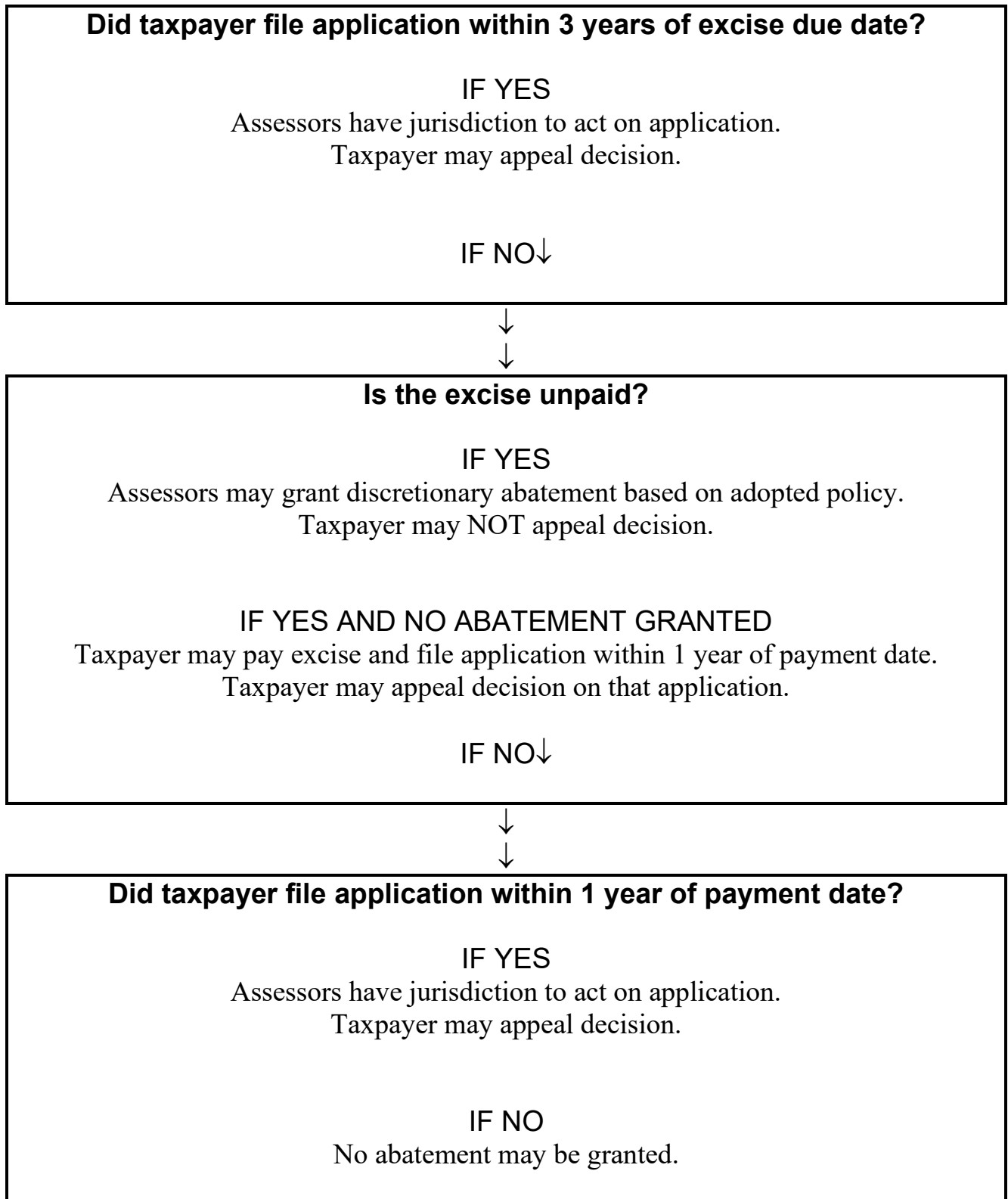
<sup>21</sup> 50 U.S.C. App. §§ 4001(d)(3).

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<sup>22</sup> G.L. c. 90, § 5.

<sup>23</sup> G.L. c. 60A, § 1.

**TABLE 1. Jurisdiction to Abate Motor Vehicle Excise**



**TABLE 2. Exempt Individuals - State Reimbursements<sup>1</sup>**

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	No	Yes
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"> <li>• Actual loss of at least one foot or hand,</li> <li>• Permanent and complete loss of use of at least one foot or hand, or</li> <li>• Permanent impairment of vision meeting certain specifications in at least one eye</li> </ul>	No	Yes
World War I veterans, World War II veterans, Korean War veterans, Viet Nam War veterans who have a disability rating of 100% or be unemployable as determined by the VA	Yes	Yes
Peacetime veterans  Wartime veterans <u>other than</u> World War I, World War II, Korean and Viet Nam	Yes	Yes
Massachusetts residents in active military service and deployed outside Massachusetts for at least 180 continuous days in excise calendar year	Yes	Yes
If locally accepted, former prisoners of war and their surviving spouses (until remarriage)	No	No

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<sup>1</sup> 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](http://www.mass.gov/dls).

- ***DLSLAW Library*** – A searchable data base of current DLS Informational Guideline Releases (IGRs), Local Finance Opinions (LFOs) and Bulletins that is accessed by clicking the “Search DLSLAW Library” link appearing under “Public Reports and Databases” on the [DLS Gateway](#) login page.
- ***Informational Guideline Releases (IGRs)*** – Specific IGRs that explain 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)
- **[FAQs](#)** – Frequently asked questions about motor vehicle excises.