



MAINE REVENUE SERVICES PROPERTY TAX DIVISION BULLETIN NO. 13

MOTOR VEHICLE EXCISE TAX AND PERSONAL PROPERTY TAX

REFERENCE: 36 M.R.S. §§ 1481 through 1491
September 23, 2025; replaces November 16, 2022, 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 Maine Revenue Services (“MRS”), Property Tax Division.

This bulletin is intended solely as advice to assist persons in determining and complying with their legal rights, duties, and privileges under Maine law. It is written in a relatively informal style and intended to address questions and issues commonly faced by municipal assessors and landowners regarding the Program. For more information regarding the motor vehicle excise tax, contact MRS.

2. Motor Vehicle Excise Tax

A. When applicable. The motor vehicle excise tax applies when the owner of a motor vehicle intends to use a vehicle on public roads during the year. See Section 4 below for a list of excise tax exemptions.

B. Where payable.

- (1) For a resident individual, the motor vehicle excise tax must be paid to the municipality where the individual resides.
- (2) For a nonresident individual, the motor vehicle excise tax must be paid to the municipality where the individual is temporarily or occasionally residing. If the nonresident individual has no residing place in Maine, the motor vehicle excise tax must be paid to the Maine Secretary of State.
- (3) For a resident without a residing place, such as an unhoused individual, the excise tax may be paid directly to the Secretary of State if:

- a. The motor vehicle was previously registered in this State to the individual resident;
 - b. The Secretary of State confirms with the municipality where the individual resides that the municipality refused to receive the excise tax of the individual who does not have a residing place; and
 - c. The individual resident holds a license pursuant to 29-A M.R.S. § 1251.
- (3) For a corporation or partnership, the motor vehicle excise tax generally must be paid to the municipality where the registered or main office of the business is located. However, if the business has permanent places of business in more than one Maine municipality, the motor vehicle excise tax on business-owned motor vehicles must be paid to the municipality where those vehicles are customarily kept. 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 motor vehicle excise tax must be paid to the Secretary of State.
- (4) If a motor vehicle is leased for one month or longer, the motor vehicle excise tax must be paid where it would be paid if the lessee were the owner.
- C. Tax rate. 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.
- (1) The excise tax rates on motor vehicles are expressed in mills, meaning the tax assessed per \$1,000 of maker's list price, which ordinarily means the 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 a rate of 0.024; this is the rate applied directly to the MSRP to calculate the tax. Therefore, a tax rate of 0.024 applied to a motor vehicle with an MSRP of \$25,000 results in a tax of \$600 ($\$25,000 \times 0.024$).
 - (2) 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.
 - (3) For a 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, even after the 2020 models have become available, unless paragraph 4 below applies.
 - (4) 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 paragraph 1

above, if a 2020 model year motor vehicle was registered in Maine and the excise tax was paid in 2019, the motor vehicle would be subject to tax at the second-year rate when reregistered by the same owner in 2020.

- (5) 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” has the same meaning as provided in 29-A M.R.S. § 505(1), i.e., a truck having 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 motor vehicle excise tax is \$2.50.

D. Registration year. The registration year for a motor vehicle is based on when the vehicle was first registered. If a motor vehicle is purchased and registered in September, the registration year for that motor vehicle is September 1 through August 31. If a credit or refund of excise tax applies, the registration year for the replaced motor vehicle will transfer to the replacement motor vehicle.

3. Calculating the Tax.

Except for certain exceptions listed below, the maker’s list price must be used as the basis of the motor vehicle excise tax. The maker’s list price 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 maker’s list price in the case of motor vehicles manufactured outside the United States means the retail price at the nearest port of entry. In either case, the maker’s list price includes the manufacturer’s suggested retail price (“MSRP”) of all accessories and equipment (except for 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 motor vehicle excise tax is paid. Generally, the maker’s list price is equal to the MSRP for a motor vehicle.

A. General.

- (1) Whenever a new motor vehicle is to be registered, the owner or lessee must provide the original window sticker (the “Monroney” sticker) or a copy of the original dealer’s invoice which details the motor vehicle and all accessory equipment.
- (2) The tax collector should make an effort to obtain full details about a motor vehicle to assure determination of correct value. There are numerous online and other sources available to determine the MSRP. Examples include, but are not limited to:
 - a. J.D. Power (passenger vehicles, motor homes, camper trailers, motorcycles, mopeds). Visit www.jdpower.com.
 - b. Price Digests (passenger vehicles, trucks, farm tractors and equipment). Visit app.pricedigests.com.
 - c. Equipment Watch (equipment, industrial tractors). Visit equipmentwatch.com.

- (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.
- B. Exceptions to using maker's list price. The following are exceptions to use of the maker's list price for purposes of calculating the motor vehicle excise tax.
- (1) Certain commercial motor vehicles. 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 maker's list price.
 - (2) Certain buses. 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 maker's list price.
 - (3) 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 maker's list price of the prepackaged kit. These "glider" kits do not qualify for reimbursement, mentioned in paragraph 4 above, by the Bureau of Motor Vehicles for tax on the difference between maker's list price and purchase price.

Whenever a motor vehicle described in paragraphs (1) or (2) above is being registered, the tax collector should request a copy of the original dealer's invoice or original 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. Exemptions to the Motor Vehicle Excise Tax

As provided in 36 M.R.S. § 1483, the following are exempt from the motor vehicle excise tax:

- A. State vehicles. Motor vehicles owned by the State or by any counties, municipalities, or other political subdivisions of the State. See 36 M.R.S. § 1483(1).
- B. 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. See 36 M.R.S. § 1483(2).

- C. Volunteer fire departments. Motor vehicles owned by volunteer fire departments. See 36 M.R.S. § 1483(3).
- D. 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. See 36 M.R.S. § 1483(4).
- E. Transporter registration. Motor vehicles lawfully operated on transporter registration certificates. See 36 M.R.S. § 1483(5).
- F. Railroads. Motor vehicles owned by railroad companies that pay an excise tax to the State. See 36 M.R.S. § 1483(6).
- G. Benevolent and charitable institutions. Motor vehicles owned and used solely for their own purposes by benevolent and charitable institutions as defined in 36 M.R.S. § 652(1). See 36 M.R.S. § 1483(7).
- H. Literary and scientific institutions. Motor vehicles owned and used solely for their own purposes by literary and scientific institutions as defined in 36 M.R.S. § 652(1). See 36 M.R.S. § 1483(8).
- I. Religious societies. Motor vehicles owned and used solely for their own purposes by houses of religious worship or religious societies as defined in 36 M.R.S. § 652(1). See 36 M.R.S. § 1483(9).
- J. 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) or who are receiving benefits based on total service-connected disability. Veterans who qualify may receive an excise tax exemption on no more than three motor vehicles. The name of the qualifying veteran must appear on the automobile's certificate of title. See 36 M.R.S. § 1483(12).

Proof of total service-connected disability may consist of a copy of the certificate or letter from the VA or other federal agency stating that the veteran applicant receives compensation from the federal government for total service-connected disability. The reason for compensation may be indicated with notation of "Code #2," which relates to compensation for total service-connected disability.

- K. Certain nonresidents. Motor vehicles permitted to operate without Maine registration pursuant to 29-A M.R.S. § 109. This includes, for example, persons who have complied with the laws on licensing and registration in their state of residence, and nonresident students who are enrolled in a Maine university, college, or school and who possess a valid license and registration from their state of residence. See 36 M.R.S. § 1483(10).
- L. Interstate commerce. Motor vehicles traveling in Maine 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. See 36 M.R.S. § 1483(11).
- M. 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 Maine motor vehicle excise tax. See 36 M.R.S. § 1483(13).

- N. Adaptive equipment. Adaptive equipment installed on a motor vehicle owned by a disabled person or the family of a disabled person, if that equipment makes the motor vehicle operable by, or accessible to, by a disabled person. The motor vehicle excise tax should be based on the MSRP of the vehicle only, ignoring any adaptive equipment. See 36 M.R.S. § 1483(15).
- O. Active military. Vehicles owned, including those jointly owned with a spouse, by a person 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 or outside the State or who is deployed for military service. For purposes of the exemption, “deployed for military service” means active military duty with state military forces or the United States Armed Forces, including the National Guard and Reserves, when the duty assignment is in a combat theater or in an area where armed conflict is taking place.

The veteran must be deployed for a period of more than 180 days, or have been deployed for a period of at least 180 consecutive days, a portion or all of which occurred in the 12 months preceding the request for an exemption from excise tax, and who did not previously receive an exemption for that deployment.

Joint ownership of the vehicle must be indicated in the vehicle's title documentation. A member of the Armed Forces of the United States, or that member's spouse, who requests to register that member's vehicle in this State pursuant to this exemption must present documentation of the member's eligibility from the commander of the member's post, station or base, or from the commander's designated agent. See 36 M.R.S. § 1483(16).

- Q. 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. See 36 MRSA §1481(3).

5. Taxation of Motor Vehicles as Personal Property

A motor vehicle brought into Maine is subject to personal property tax unless the vehicle owner pays motor vehicle excise tax in Maine or qualifies for a motor vehicle excise tax exemption. If the personal property tax on a motor vehicle is paid and the owner later wishes to register the motor vehicle for use on public roads, the property tax paid must be allowed as a credit against the motor vehicle excise tax.

A. When motor vehicles are taxable under the property tax.

- (1) If a motor vehicle in Maine as described above 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 as described above 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) A motor vehicle owned by a manufacturing, smelting, agricultural, or stock raising corporation, or a corporation organized for the purpose of buying, selling, and leasing real estate is taxable where the motor vehicle is situated. In addition, a motor vehicle owned, leased, or otherwise subject to possessory control by a mining company is 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 evidence that property tax was paid on the vehicle should it be subsequently registered.

C. Valuation. When assessed for personal property taxes, a motor vehicle must be valued in the same manner as all other property, i.e., on the basis of just value.

D. Exemptions. Personal property tax exemptions provided in 36 M.R.S. §§ 651-655 may also apply to a motor vehicle being assessed as personal property.

6. Credit or Refunds of Excise Tax

In certain circumstances, a credit is allowed against the motor vehicle excise tax when a current registration is transferred to a replacement vehicle. When such a transfer occurs, the expiration date on the transferred registration will not change. It is up to each municipality to decide whether to refund any excess if the credit amount exceeds the tax due on the replacement vehicle.

A. General. Credits and refunds of excise tax are allowed as follows.

(1) Lost or sold vehicles. If a motor vehicle is sold or lost, the motor vehicle owner may be entitled to a credit for the motor vehicle excise tax paid on the sold or lost vehicle against the motor vehicle excise tax due on the replacement vehicle. If less than four months remain on the current registration, the credit is half of the tax paid. The expiration date of the replacement motor vehicle's registration will be the expiration date of the current registration. In addition to the motor vehicle excise tax on the replacement vehicle, a \$3 transfer fee is imposed by the municipality. Credits do not apply to this fee.

(2) Replacement vehicles. A credit against the motor vehicle excise tax due on a replacement vehicle is also allowed when the owner has totally discontinued use of a motor vehicle. "Totally discontinued" means the owner has permanently stopped all use of the motor vehicle except for selling, transferring ownership, junking, or abandoning it. To receive a credit for a totally discontinued vehicle, an owner must submit a signed statement attesting that use of the motor vehicle has been totally discontinued.

(3) Relocation. Credit is not limited to the municipality where the original motor vehicle 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 motor vehicle excise tax paid to the former municipality.

(4) Special leased equipment. A municipality may, by ordinance, allow a refund of a portion of the motor vehicle 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 a prorated amount of the motor vehicle excise tax paid, based on the number of full months remaining in the year of the transferred registration.

B. Examples of credit.

Example 1: Individual A 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 Individual A pays. In April 2019, the individual trades in the car for another new car, this one with an MSRP of \$28,000. The tax on the replacement vehicle is \$672 ($\$28,000 \times 0.024$) and, as with the original vehicle, the registration for the replacement vehicle will expire at the end of December. 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

Example 2: Individual B 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 Individual B pays. In October 2019, Individual B's car is destroyed in an accident, and they purchase 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 Individual B's 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 half the original tax paid. The expiration date for the transferred registration will not change, and Individual B will have to renew the registration of the 2014 vehicle by the end of December. The excise tax for the replacement vehicle is calculated as follows:

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

Note that credit for tax paid does not apply against the transfer fee. The \$5 minimum tax also does not apply to the balance due on a transfer.

If the available credit exceeds the motor vehicle excise tax on the replacement vehicle, a municipality may choose, but is not required, to refund the excess amount.

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