

## What is the motor vehicle and trailer excise?

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An excise is a tax upon an event or privilege. A motor vehicle and trailer excise is in lieu of a tangible personal property tax and is levied for the privilege of registration. M.G.L. Ch. 60A, which is the statutory basis for the excise, uses the motor vehicle itself as a means to measure this privilege. Revenue derived from the excise can be used by cities and towns for any lawful purpose.

## What valuation is used for motor vehicle excise bills?

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The excise is based on the value of the motor vehicle as determined by the Commissioner of Revenue upon certain percentages of the manufacturer's list price in the year of manufacture. The excise valuation is not based on the actual purchase price or "book value" of the vehicle. The percentages set forth in the statutory depreciation schedule that are applied to manufacturer's list price are as follows:

In the year preceding the designated year of manufacture 50%

In the year of manufacture 90%

In the second year 60%

In the third year 40%

In the fourth year 25%

In the fifth and succeeding years 10%

## What is the rate of excise and where is it assessed?

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An excise in the amount of \$25 per thousand is assessed upon the value of the vehicle as determined in accordance with the depreciation schedule. Prior to 1981 the rate was \$66 per thousand. With the passage of Proposition 2 1/2 the rate was set at \$25 per thousand. The excise is levied for a full calendar year and is assessed by the community where the motor vehicle is customarily garaged. In those instances where vehicles are registered in the Commonwealth but garaged outside of Massachusetts, the Commissioner of Revenue assesses the excise which is paid into the State treasury. M.G.L. Ch. 60A Sec. 1 provides that the owner of any motor vehicle registered for less than a full calendar year will be obligated to pay an excise based on the entire month when the vehicle was registered, as well as the remaining months of the year. For example, a vehicle registered on April 9th will be assessed an excise for the months of April through December.

## Are there any exemptions from the motor vehicle excise?

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An exemption may be granted if the motor vehicle is owned and registered by the following entities:

1. The Commonwealth or any of its political subdivisions;
2. Charitable corporations or charitable trusts and religious organizations whose personal property is exempt under M.G.L. Ch. 59 Sec. 5 Cl. 3 and Cl. 10 respectively;
3. Lessors engaged in the business of leasing motor vehicles, if the vehicle is leased for a full calendar year to a charitable organization, other than a degree granting or diploma awarding institution;
4. Vehicles operated with special plates and owned or controlled by manufacturers, farmers or dealers (Section 5 plates);
5. Vehicles owned and registered by former prisoners of war or their surviving spouses, if the local option statute is adopted by the community;
6. Handicapped veterans with a wartime service connected disability as determined by Veterans Affairs who have lost, or lost the permanent use of, one or both feet, one or both hands, or the sight of one or both eyes;
7. Handicapped non-veterans who have lost, or lost the permanent use of, both legs or both arms or the sight of both eyes; (the exemption for handicapped veterans and non-veterans applies to not more than one motor vehicle owned and registered for the personal non-commercial use of such veteran or person).

The abatement application form is used to apply for an exemption, and likewise must be filed with the assessors within 3 years after the date the excise was due, or 1 year after the excise was paid, whichever is later.

## What are the penalties for nonpayment of the excise?

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An excise must be paid within 30 days of the issuance of the bill. Any unpaid bill accrues interest at a rate of 12% per annum from the 31st day to the date of payment. The following steps for collection are set forth in M.G.L. Ch. 60A Sec. 2A:

1. The collector will send a demand which must be made more than one day after such excise becomes due. The demand fee is \$30.
2. If payment is not made within 14 days of the demand, the collector will issue a warrant to collect to a deputy collector. The deputy collector will then send a notice of his warrant to the taxpayer.
3. Upon failure to pay within 30 days of the notice of warrant, the deputy collector will make a service of warrant.

4. If the excise continues to be outstanding, the deputy collector or collector notifies the Registrar of Motor Vehicles within a two year period after the initial excise tax was issued. The Registry of Motor Vehicles will then mark or place in non-renewal status the license and registration of the taxpayer.

## Are there special motor vehicle excise provisions?

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Yes, there are special provisions of the Motor Vehicle excise law that govern special plates and certain special types of vehicles. Contact the Registry of Motor Vehicles for further information.