

Do owners pay a tax for their motor vehicles each year?

Yes. Owners of motor vehicles are assessed a motor vehicle excise or personal property tax each year. At one time, owners of motor vehicles were assessed a personal property tax by their city or town. Most vehicles are registered, however, so in 1928, [G.L. c. 60A](#) was enacted and imposed a local excise in lieu of a personal property tax. An excise is a tax upon an event or privilege. In this case, the motor vehicle excise is imposed for the privilege of registration. It is not assessed for the use of the roads and monies collected from the excise are general fund revenues available to support municipal operations.

The motor vehicle excise is assessed on a calendar year basis. Registration of a vehicle during an excise calendar year automatically triggers assessment of an excise for that year. Therefore, an owner whose vehicle is registered on the January 1 of the calendar year, or at any time during that year, is subject to an excise. If the vehicle is unregistered on January 1, the owner is subject to personal property tax unless the vehicle is registered during the year. [G.L. c. 59, sect. 5\(35\)](#).

What governmental entity assesses the motor vehicle excise?

The excise is assessed to the registered owner of the vehicle by the city or town where the vehicle is customarily kept, as shown on the owner's application for registration to the Registry of Motor Vehicles (Form RMV-1). As a general rule, a vehicle is customarily kept in the city or town where the owner resides or has a principal place of business. If a vehicle is customarily garaged outside Massachusetts, the Commonwealth assesses the excise. [G.L. c. 60A, sect. 2](#).

How is the motor vehicle excise calculated?

The owner's motor vehicle excise is \$25 per \$1000 of excise value for the calendar year. The excise value for the year is calculated by applying the percentage fixed by [G.L. c. 60A, sect. 1](#) to the manufacturer's list price for vehicles of the same make, type, model, and year of manufacture. The percentage declines over several years until it reaches 10% of that list price in the fifth year after manufacture and all succeeding years for the life of the vehicle. The statutory percentages are:

<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%

Can the excise value be adjusted based on the condition or purchase price of a vehicle?

No. The excise is not an ad valorem or sales tax and therefore, it is not based on the current fair market value or purchase price of the particular vehicle. Instead, the values of vehicles for excise purposes are determined exclusively through the statutory formula under [G.L. c. 60A, sect. 1](#). Under that formula, all vehicles in the same classification (make, type, model, age) are valued the same based on the manufacturer's list price, which results in all owners of the same vehicle paying the same excise each year. A taxpayer does not have a right to an individual determination of value based on the current condition or actual purchase price of the vehicle. [*Lily Transportation Corporation v. Board of Assessors of Medford*](#), 427 Mass. 228 (1998).

Is there a minimum excise?

Yes. A motor vehicle excise must be at least \$5. [G.L. c. 60A, sect. 1](#). If the computed excise results in an excise less than \$5, the excise is \$5.