

III. Applying the Mil Rate

Excise Tax rates have remained the same since 1929. The statewide excise tax rates are listed below. It is important to remember that the Tax Collector must also take into account the actual date at which time the excise tax is paid. Each January 1st, the new model year begins with the first year mil rate.

YEAR	TAX RATE multiplied by the Manufacturer's Suggested Retail Price
1	.024
2	.0175
3	.0135
4	.01
5	.0065
6	.004

All classes of vehicles are subject to this statewide rate schedule although there are certain limited exceptions to these rates and they are as follows:

- ☞ When the new models are introduced (i.e. the 2006 model that is sold in 2005), both the current models and the newly introduced models are both excised at the same mil rate of .024 multiplied by the manufacturer's suggested list price of the vehicle.
- ☞ If a "holdover" (i.e. a 2005 model purchased after January 1, 2006) from a previous model year it would be multiplied by the second year mil rate of .0175 multiplied by the manufacturer's suggested list price of the vehicle.
- ☞ If a new vehicle is purchased in the current year and registered using the credit/transfer method by the same owner in that same calendar year, then that vehicle would be figured at the first year mil rate the first time excise was paid, and then the second time excise was paid would be figured at the second year mil rate. (Example, a person purchases a 2006 vehicle in January 2006 and transfers the registration that runs out in July, 2006. They would be charged at the .024 rate in January and the .0175 rate in July.)
- ☞ If one owner pays excise tax on a new model year vehicle he would pay excise based on the first year mil rate. If the vehicle is subsequently sold to another owner, the second owner paying excise in that same calendar year would also pay based on the first year mil rate.

A. Minimum Excise Tax Charge

State law provides that the minimum excise tax for an automobile is \$5.00. It's been a long time since an automobile was manufactured with an MSRP of \$1,250, so generally the minimum excise tax price would apply only to antique automobiles. The minimum excise tax on a bicycle with a motor attached is \$2.50 (MSRP = \$625). The minimum excise tax on a camper trailer (other than a tent trailer) is \$15.00 (MSRP = \$3,750). The minimum excise tax on a tent trailer is \$5.00 (MSRP \$1,250).

B. Half Rates

A vehicle (auto, camper trailer, truck, truck tractor) with a registration that has expired but is in the final four months of the re-registration window is eligible for a half-rate registration. (All other vehicles with a mandatory February expiration are ½ rate from November 1 to the last day in February. Farm Trucks are ½ rate for the last 6-months of the registration year). The effect on excise tax is also a half rate. This effect also applies to excise tax credit on a transfer.

Example:

John Doe has a vehicle with a registration that expired November 30, 2004. For some reason Mr. Doe doesn't attempt to re-register the vehicle until September 2005. The registration fee of \$25 (presuming he has a normal passenger plate) is cut in half to \$12.50. If the full excise were \$80.00, only \$40.00 in excise would be charged. Agent fees and special plate fees such as initial plates are charged at the full rate.

Let's say Mr. Doe had re-registered his vehicle with the \$80.00 excise tax on time, but decided to trade it in during September 2005 and use that excise credit toward his new vehicle. He would be able to use only \$40.00 in credit, but the excise amount on the new vehicle would also be half price. Presuming the new vehicle has a \$400.00 excise tax, the net excise tax due would be \$163.00

	Full	Half
New Vehicle Excise	\$400.00	\$200.00
Traded Vehicle Credit	\$80.00	\$40.00
Subtotal	\$320.00	\$160.00
Transfer Fee	\$3.00	\$3.00
Excise Balance Due	\$323.00	\$163.00

The transfer fee due would be \$8.00, and any special plate fees are not included on a transfer. The agent fee you charge is full price. A table showing when half rates are in effect is shown on page 26.

D. Transfers and Credits

Section B discussed half rates and touched on transfers and credits. A registration transfer is often the most complex of the motor vehicle/excise tax collection options the excise tax collector will come across. The concept is fairly simple, but there are some things to keep in mind. The first is that there must be a vehicle from which the registrant wishes to use excise tax credit. That means the registrant has to have disposed of that vehicle to another. You must see that this vehicle has been transferred, junked, destroyed – i.e. is no longer in their possession. This information is gleaned from the back of the yellow copy of the registration of the vehicle from which the registrant wishes to use for credit.

I hereby report that the ownership of this motor vehicle described in this certificate has been retained transferred lost by fire, theft or accident junked abandoned

Upon the transfer of ownership of the vehicle described herein, this registration expires and the person to whom this certificate was issued must remove the plates from the vehicle and fill in the blanks below and present to the registration office upon making transfer, or forward this certificate to the Secretary of State, 29 State House Station, Augusta, ME 04333-0029. This certificate must be presented to your municipal tax collector in order to obtain excise tax credit.

Transferred to: NAME _____ STREET ADDRESS _____
CITY _____ STATE _____ DATE TRANSFERRED _____

I, _____, state that the odometer mileage is _____ miles.
(Registrant)

I further state the the actual mileage differs from the odometer readings for reasons other than odometer calibration error and that the actual mileage is unknown.

I further state that the mileage indicated on the odometer is beyond the designed mechanical limits of the odometer and the total cumulative mileage is _____.

I further state that the odometer has been serviced, repaired, or replaced by myself or my agent.

Prior owner _____ Signature _____ Address _____

IF NAME OR ADDRESS CHANGES FROM THAT GIVEN ON THE REGISTRATION, YOU MUST NOTIFY THE SECRETARY OF STATE WITHIN 10 DAYS.

Often the registrant left the registration with the vehicle they'd disposed of, so you're going to have to make a duplicate if that is possible. Don't forget to charge the \$3.00 and make out the correct MVR duplicate application form!

Once you've determined that the registrant no longer has possession of this vehicle, you can then take the excise tax credit. The credit amount and the expiration date for the new vehicle are gleaned from the front of the registration.

2985261 7

State of Maine Vehicle Registration

INITIAL PLATE #15 00
REG FEE #25 00

Effective Date is Validation Date But Not Prior To: 05/1/03 Expires: 05/31/04

New Registration Re-Registration Excise Taxable Trailer Emissions Shown Evidence of Insurance Shown

VIN	YEAR	MAKE	MODEL	COLOR	STYLE	TIRES	AXLES	NET WEIGHT	REGISTERED WEIGHT	FUEL
1GCEK17V0YE259591	00	CHEV	K1500	RD	PK		2			G

REGISTRANDS: MARCKOON, STUART E
MARCKOON, BONNIE A

LESSOR: _____ UNIT # _____ DOT # _____

MAILING ADDRESS: PO BOX 653 ELLSWORTH ME 04605

LEGAL RESIDENCE: LAMOINE ME 09180

REGISTRATION FEES:

Base	23776.00	
Mil. Rate	.01	Rate
Agent Fee	2.00	Credit
Local Exc. Tax	237.76	Fees
Credit		S.T.
Subtotal		Title
Trans. Chg.		CTAA
Balance	237.76	Use Fee
Credit No.		
Exc. Tax Date	5/30/03	

LAMOINE ME 09180
DATE 5/30/03

The motor vehicle excise tax is a local tax. Funds raised through the collection of the excise tax remain in your community.

MVR 1 Rev. 1/01

Control Number

Expiration Date

Credit Amount

Let's run through a quick transfer/credit scenario. The owner of the vehicle above re-registered his Chevy Pickup on May 30, 2003. His wife, being the generous soul that she is, said he could purchase a new truck in September 2003. He purchased a 2004 Chevy with an MSRP of \$28,450. He comes into the office with the filled out registration back showing that he traded the truck to the dealer for the new truck. The registrant wants to do a simple transfer, so the new vehicle will expire in May, 2004. The excise boxes will be filled in as follows:

Base	\$28,450
Mil Rate	.024
Agent Fee	\$4.00
Local Excise Tax	\$682.80
Credit	\$237.76
Subtotal	\$445.10
Transfer Charge	\$3.00
Balance	\$448.10
Credit No.	2985261 7
Excise Tax Date	9/15/03

The total excise tax collected from the customer is \$448.10. Adding the registration transfer (\$8.00) and the Agent fee (\$4.00), the total transaction is \$460.10.

Excise tax can be “refunded” through the credit process. As of 2007 municipalities may adopt a policy of offering cash refund for excise tax in excess on a transfer. This must be done by the municipality’s legislative body (Town Meeting, Town Council etc.) and if adopted done for all excess credit transactions – even those vehicles being transferred from another community. The discussion that follows assumes the municipality has not adopted the cash refund policy.

Sometimes the excise tax due on the new vehicle is less than the credit. In that case, the subtotal line would be \$0.00, and the \$3.00 transfer charge would be the only excise tax amount collected.

Multiple credits during the same registration year can prove to be confusing and troublesome. Using the same pickup truck that was re-registered in May, 2003 and the new truck purchased in September, 2003 let’s say the owner, being an insurance company nightmare, wrecks the new 2004 pickup in October. He decides to replace it with a 2001 Nissan with an MSRP of \$18,400. The excise calculation would be as follows:

Base	\$18,400
Mil Rate	.0135
Agent Fee	\$4.00
Local Excise Tax	\$248.40
Credit	\$682.80
Subtotal	\$0.00
Transfer Charge	\$3.00
Balance	\$3.00
Credit No.	1234567 8
Excise Tax Date	10/15/03

Note the excise credit is from the new 2004 pickup exceeded that due on the 2001 Nissan, thus the \$3.00 balance.

The registrant is very unhappy with his 2001 Nissan, and at Christmas convinces his wife that he’ll really drive safely again, so she relents and lets him trade the Nissan for a 2004 Ford (there’s no brand loyalty here!) with an MSRP of \$22,360. The excise calculation is as follows:

Base	\$22,360
Mil Rate	.024
Agent Fee	\$4.00
Local Excise Tax	\$536.64
Credit	\$682.80
Subtotal	\$0.00
Transfer Charge	\$3.00
Balance	\$3.00
Credit No.	1234567 8
Excise Tax Date	12/31/03

Note that the higher excise amount from the 2004 Chevy was used for the credit. The higher amount is used from any vehicle during that registration year.

Come re-registration time, the registrant is happy with his 2004 Ford and has driven safely so he re-registers. The excise calculation is as follows:

Base	\$22,360
Mil Rate	.0175
Agent Fee	\$2.00
Local Excise Tax	\$391.30
Credit	
Subtotal	
Transfer Charge	
Balance	\$391.30
Credit No.	
Excise Tax Date	5/30/04

Remember, in the last four months of the registration year (in this case anything after February 1, 2004), the excise charged is ½ rate and the excise credit is ½ rate. The following table gives the period when half rates are in effect.

Half Rate Table

Expiration Date Is	Half Rate Time Begins
January 30 th	October 1 st
February 28 th (or 29 th)	November 1 st
March 31 st	December 1 st
April 30 th	January 1 st
May 31 st	February 1 st
June 30 th	March 1 st
July 31 st	April 1 st
August 31 st	May 1 st
September 30 th	June 1 st
October 31 st	July 1 st
November 30 th	August 1 st
December 31 st	September 1 st

Allowed Transfers

Name Additions/Deletions

The same registrant on a vehicle being used as a credit in a transfer must appear on the new registration. Name additions and deletions are allowed at that registration time with the proper MVR forms. Consult your BMV manual for more information. Remember that at least one name on a vehicle title must appear on the registration. If a name is being deleted due to a divorce, a copy of the divorce decree should be seen prior to processing the registration.

Leased Vehicles

The Maine Legislature changed the law a few years ago, and the lessee of a vehicle is considered the owner for registration and excise tax purposes. If the lessee decides to trade in a leased vehicle, they are eligible for the excise tax credit on the traded vehicle.

Disallowed Transfers

Parents to Child

Often parents will register a vehicle that a daughter or son uses in the parents name for insurance purposes. When junior matures enough that it's time for him to get the car, the registration does not go into junior's name. This is treated as a new registration and a new set of plates is obtained, and the excise tax paid anew.

Individual to Business and Vice Versa

If an individual wishes to register a vehicle as a company car, this is considered a sale. Sales tax is due, and the vehicle registration process starts anew with new plates needed. Consult the BMV manual. If a single proprietor company decides to go out of business and the car goes to the owner's name, this too is generally considered a sale, and the registration process starts anew.

E. Re-Registrations

Re-registration or renewal is a very simple transaction, and provided the registrant has all the information required (proof of insurance, current mileage, proper payment) the process is done quickly. Let's say our truck owner in the previous section kept his Chevy Pickup another year, and comes in during May 2004 to re-register. The excise section is as follows:

Base	\$23,776
Mil Rate	.0065
Agent Fee	\$2.00
Local Excise Tax	\$154.54
Credit	
Subtotal	
Transfer Charge	
Balance	\$154.54
Credit No.	
Excise Tax Date	5/30/04