

I. Introduction

For most Maine municipalities, the collection of automobile, watercraft, and aircraft excise tax represents a significant portion of the municipal revenue stream. The proper basis for value is crucial to collecting the proper amount of tax. The focus of this manual is to assist the municipal tax collector in setting the proper amount to collect, and to help explain to taxpayers the basis for the collection.

This manual is not intended to be an automobile registration manual. The Bureau of Motor Vehicles (BMV) is charged with the registration process and publishes a very comprehensive manual and conducts annual training for the registration process. Because payment of excise tax is required to register a motor vehicle in Maine, this manual is designed to help with the first step of the automobile registration process. That being said, there are many parts of the excise tax collection process and the registration process that overlap, and many of the forms used in the registration process play a key role in excise tax collection.

A. History of Excise Tax In Maine

The Maine Legislature first enacted excise tax laws in 1925. Prior to 1929, motor vehicles in Maine were taxed as personal property. It appears, however, that the amount of tax paid on a given vehicle varied from one community to another so the Legislature passed An Act To Provide Equitable and Uniform Taxation for Motor Vehicles (Chapter 305 of the Public Law of 1929), which established an annual excise tax for the privilege of operating a motor vehicle on the public ways. Whether or not it was successful in providing uniformity may be debatable but its basic concepts have remained virtually unchanged for fifty years.

The original statute provided that an excise tax would be levied annually on a calendar year basis. This remained in effect until the staggered system was implemented in 1975. It also based the tax upon the maker's list price and set a graduated mill rate of 23, 16 ½, 12 ½, 9, 5 ½, and 3 depending upon the model year of the vehicle. Add one mill to each of these rates and you have the current basis for computing the excise tax on automobiles.

While it prohibited returning any excise tax that had been paid, Chapter 305, made provisions for allowing credits for taxes paid in the same calendar year if a vehicle was transferred, or lost by fire, theft or accident. It provided that one third credit would be given from October 1 through December 31, whereas today one half credit is given to the last four months of the registration period. Proportionate payment of the tax has followed the same pattern as the credit, initially it was one-third from October 1 through December 31, now it is one-half for the last four months.

Several sections of the original law remain virtually unchanged. These include the provisions that (1) the excise tax must be paid before the vehicle can be registered (2) payment of the tax, exempts the vehicle from any other taxation for that year, and (3) the monies collected through the excise tax go to the municipality.

Although there have been many changes in the excise tax law during its history, most have dealt with clarifying the original legislation and keeping it up-to-date without changing modes of transportation and life styles. Most people will agree that the original goal of an equitable form of taxation has been achieved under our present excise tax system but very few people can be found who believe that uniformity exists in its application.

B. Uniform Basis for Excise Tax

Many municipalities do have relatively uniform methods for computing excise taxes on optional equipment. Many municipalities, large and small, frequently request assistance from the Bureau of Taxation when computing taxes on commercial vehicles and heavy equipment. The practices of many communities in computing excise taxes range from methods whereby most optional equipment is added to the list price to the extreme where no optional equipment is added at all. The problems resulting from this lack of UNIFORMITY are:

1. Citizen discontent when a taxpayer discovers that those in neighboring communities are paying less.
2. Loss of significant revenue by those communities not computing excise tax on optional equipment.

The revenue loss is difficult to determine, but conservative estimates can be made. Excise taxes on optional equipment are said to represent about 15% on vehicles low to moderately equipped to about 25% on heavily equipped new vehicles. Based on these percentages this amounted to more than \$13,000,000 in 1989. 1989 excise tax revenues statewide totaled slightly over \$90,000,000.

Excise tax is a significant revenue stream to Maine's municipalities. According to the Maine Municipal Association Fiscal Survey, the following amounts of excise tax were collected:

Year	Amount Collected
2003	\$179,141,701
2002	\$170,509,492
2001	\$167,352,771
2000	\$154,687,601
1999	\$140,271,056

1998	\$129,594,217
1997	\$122,484,216
1996	\$121,128,122
1995	\$106,781,903
1994	\$98,763,702
1993	\$90,134,686
1992	\$87,927,598
1991	\$91,014,743
1990	\$92,521,794
1989	\$90,370,548
1988	\$83,046,468
1987	\$77,736,093
1986	\$67,596,603
1985	\$58,779,655
1984	\$51,124,483
1983	\$43,565,908
1982	\$37,270,792
1981	\$33,685,393
1980	\$32,090,826

Excise tax collections will continue to increase as automobile prices continue to increase. As a result, excise tax can be considered “growth revenue” for all communities in this state. With that in mind, it is incumbent upon all tax collectors in this state to strive to maximize their excise tax collections in their respective communities.

There are several reasons why the collection of excise taxes may lack UNIFORMITY:

1. Tax collectors in some towns may not feel the additional revenues possible are worth the additional effort to collect them. Please bear in mind that the primary function of the tax collector is to “collect taxes” pursuant to State Statutes. It is not at the collector’s discretion to determine whether optional equipment will be charged or not. It is simply a part of the overall function of the position.
2. Part-time collectors and those municipal offices which have small staffs may have neither the time nor the experience to perform their functions well. This is particularly true where there is rapid turnover of personnel. In many instances, the turnover results from an elected tax collector’s position. It is very difficult to acquire the knowledge required of the position when the collector must run for re-election on an annual basis. This type of situation does not lend itself to a level of expertise that contributes to an overall statewide level of uniformity.
3. Tax Collectors may have some difficulty in acquiring adequate information from citizens or in using the rather complicated price source manuals. The calculation of the base of an automobile is not always a simple matter. Many

tax collectors over the years have elected to take “short-cuts” by utilizing alternative methods such as the purchase price, the percentage of the sales price, or even the “flat fee” method. All of these methods should **never** be utilized in calculating the base of an automobile. The implementation of the Monroney Label Law in 2001 has made great strides in assisting with uniformity of base pricing. For older vehicles, though, the use of acceptable price source manuals is the only prescribed method to be used by all tax collectors. In order to perform the excise tax collections function, it is imperative that all tax collectors subscribe to as many price publications as necessary. A complete listing of publications is discussed later in this manual.

4. Many collectors are directed by selectmen in their towns not to pursue the collection of excise tax on optional equipment. This situation seems to be more common in very small communities. Please remember that authorization to act as tax collector is granted by State Statutes under the direction of the State Tax Assessor. Collectors are appointed or elected by constituents in their respective communities to perform the tax collection function for that community.

One must remember that municipal budgets are funded by both tax and non-tax revenues. Therefore, each and every excise tax dollar that is collected represents one dollar that does not have to be raised through the municipal tax rate assessed on real estate and personal property.

Additionally, when considering whether the additional revenue gained by adding the optional equipment is worth the time and effort, please remember that excise tax is a fair tax when administered properly. It can be said that the philosophy behind the tax is that it is based on the person’s ability to pay the tax. In other words, the person purchasing a new automobile has the same choice of purchasing any automobile that he or she desires although in most cases that choice is usually based on financial ability. Most of the time, a person will purchase an automobile that he or she can afford to pay for. With that theory in mind, one would think that a person purchasing a new automobile loaded with every possible option could also afford to pay the excise tax on these options.

A. *Maine Statutes Relating to Excise Tax*

The laws that relate to excise tax collection in Maine are found in Title 36 of the Maine Revised Statutes Annotated (MRSA) as follow.

§1482. EXCISE TAX

1. Annual excise tax. An excise tax shall be levied annually with respect to each calendar year in the following cases:

A. For the privilege of operating an aircraft within the State, each heavier-than-air aircraft or lighter-than-air aircraft operated in this State that is owned or controlled by a resident of this State is subject to an excise tax computed as follows: 9 mills on each dollar of the maker's average equipped price for the first or current year of model; 7 mills for the 2nd year; 5 mills for the 3rd year; 4 mills for the 4th year; and 3 mills for the 5th and succeeding years. The minimum tax is \$10. Nonresidents of this State who operate aircraft within this State for compensation or hire and are required to register under Title 6 must pay 1/12 of the tax amount computed as required in this paragraph for each calendar month or fraction thereof that the aircraft remains in the State.

B. For the privilege of operating a mobile home upon the public ways, each mobile home to be so operated shall be subject to such excise tax as follows: A sum equal to 25 mills on each dollar of the maker's list price for the first or current year of model, 20 mills for the 2nd year, 16 mills for the 3rd year and 12 mills for the 4th year and succeeding years. The minimum tax shall be \$15.

C. For the privilege of operating a motor vehicle or camper trailer on the public ways, each motor vehicle, other than a stock race car, or each camper trailer to be so operated is subject to excise tax as follows, except as specified in subparagraph (3): a sum equal to 24 mills on each dollar of the maker's list price for the first or current year of model, 17 1/2 mills for the 2nd year, 13 1/2 mills for the 3rd year, 10 mills for the 4th year, 6 1/2 mills for the 5th year and 4 mills for the 6th and succeeding years. The minimum tax is \$5 for a motor vehicle other than a bicycle with motor attached, \$2.50 for a bicycle with motor attached, \$15 for a camper trailer other than a tent trailer and \$5 for a tent trailer. The excise tax on a stock race car is \$5.

(1) On new registrations of automobiles, trucks and truck tractors, the excise tax payment must be made prior to registration and is for a one-year period from the date of registration.

(2) Vehicles registered under the International Registration Plan are subject to an excise tax determined on a monthly proration basis if their registration period is less than 12 months.

(3) For commercial vehicles manufactured in model year 1996 and after, the amount of excise tax due for trucks or truck tractors registered for more than 26,000 pounds and for Class A special mobile equipment, as defined in Title 29-A, section 101, subsection 70, is based on the purchase price in the original year of title rather than on the list price. Verification of purchase price for the application of excise tax is determined by the initial bill of sale or the state sales tax document provided at point of purchase. The initial bill of sale is that issued by the dealer to the initial purchaser of a new vehicle.

For motor vehicles being registered pursuant to Title 29-A, section 405, subsection 1, paragraph C, the excise tax must be prorated for the number of months in the registration

2. Tax 1/2 during certain periods. The excise tax levied in this section shall be 1/2 of the sum named in subsection 1 from November 1st to the last day of February, except for:

A. The excise tax levied in this section on a farm motor truck having 2 or 3 axles, when such trucks are used primarily for transportation of agricultural produce grown by the owner on his farm or farms,

shall be the 1/2 the annual amount during the last 6 months of the registration year; and

B. The excise tax levied in this section on automobiles, camper trailers, trucks and truck tractors is, during the last 4 months of a registration year, 1/2 the sum named in subsection 1, paragraph C.

3. Tax paid for previous calendar or registration year. Whenever an excise tax has been paid for the previous calendar year or registration year by the same person on the same vehicle, the excise tax for the new calendar year or registration year shall be assessed as if the vehicle was in its next year of model.

4. Maker's list price. The maker's list price of a vehicle to be used shall be obtained from sources approved by the State Tax Assessor. Where the maker's list price of a vehicle is not readily obtainable the State Tax Assessor shall prescribe the maker's list price to be used or the manner in which the maker's list price shall be determined.

A. At the time of payment of the excise tax prior to a new registration for a new passenger vehicle purchased from a motor vehicle dealer licensed in any state for the sale of new passenger vehicles, the owner shall submit the manufacturer's suggested retail price sticker, or a copy of the sticker, to the excise tax collector. In the case of rental and fleet vehicles, other documentation may be provided at the discretion of the municipal excise tax collector.

This paragraph applies only to those vehicles for which a manufacturer's suggested retail price sticker is required by the Federal Government.

5. Credits. Any owner or lessee who has paid the excise or property tax for a vehicle the ownership or registration of which is transferred, or that is subsequently totally lost by fire, theft or accident or that is subsequently totally junked or abandoned, in the same calendar year or registration year, is entitled to a credit to the maximum amount of the tax previously paid in that year or period for any one vehicle toward the tax for any number of vehicles, regardless of the number of transfers that may be required of the owner or lessee in the same calendar year or registration year.

A. The credit must be given in any place in which the excise tax is payable.

B. For each transfer made in the same calendar year or registration year, the owner shall pay \$3 to the place in which the excise tax is payable.

C. From November 1st to the last day of February the credit may not exceed 1/2 the amount of the maximum tax, except that for automobiles, trucks and truck tractors, during the last 4 months of the registration year, the credit may not exceed 1/2 the maximum tax.

D. If the credit available under this subsection exceeds the amount transferred to another vehicle, a municipality may choose, but is not required to refund the excess amount. If a municipality chooses to refund excess amounts it must do so in all instances where there is an excess amount.

E. For the purposes of this subsection, the term, "owner" includes the surviving spouse.

6. Payment of tax. Payment of excise tax before property taxes are committed.

A. Where the person seeking to pay the excise tax owned the vehicle other than an automobile truck or truck tractor on or before April 1st, the excise tax must be paid before property taxes for the year in question are committed to the collector, otherwise the owner is subject to a personal property tax.

B. Where the person seeking to pay the excise tax acquired the vehicle other than an automobile, truck or truck tractor after April 1st, or, being a nonresident, brought the vehicle other than an automobile, truck or truck tractor into this State after April 1st, the excise tax may be paid at any time.

C. Where a property tax is paid and later registration of the vehicle is desired, the property tax paid shall be allowed as a credit on the excise tax.

D. Where an excise tax is paid on a mobile home and said mobile home is later in the same year assessed as real estate, the excise tax paid shall be allowed as a credit on the real estate tax.

E. The Secretary of State may provide the registrant of an automobile, truck or truck tractor with a renewable form for processing by the excise tax collector in lieu of the excise tax collector providing

the forms.

7. Special mobile equipment; local option. A municipality may by ordinance refund a portion of the excise tax paid on leased special mobile equipment, as defined by Title 29-A, section 101, subsection 70, if the person who paid the excise tax provides evidence that the registration has been voluntarily surrendered and cancelled under Title 29-A, section 410. The amount of the refund must be the percentage of the excise tax paid that is equal to the percentage represented by the number of full months remaining in the year of the cancelled registration.

§1483. EXEMPTIONS

The following are exempt from the excise tax:

- 1. State vehicles.** Vehicles owned by this State and political subdivisions thereof;
- 2. Driver education.** Motor vehicles registered by municipalities for use in driver education in the secondary schools or motor vehicles registered by private secondary schools for use in driver education in such schools;
- 3. Volunteer fire departments.** Motor vehicles owned by volunteer fire departments;
- 4. Dealers or manufacturers.** Vehicles owned by bona fide dealers or manufacturers of the vehicles, which vehicles are held solely for demonstration and sale and constitute stock in trade, and aircraft registered in accordance with Title 6, section 53;
- 5. Transporter registration.** Vehicles to be lawfully operated on transporter registration certificates,
- 6. Railroads.** Vehicles owned by railroad companies subject to the excise tax imposed in chapter 361.
- 7. Benevolent and charitable institutions.** Vehicles owned and used solely for their own purposes by benevolent and charitable institutions incorporated by this State and entitled to property tax exemption in accordance with section 652, subsection 1;
- 8. Literary and scientific institutions.** Vehicles owned and used solely for their own purposes by literary and scientific institutions and entitled to property tax exemption in accordance with section 652, subsection 1;
- 9. Religious societies.** Vehicles owned and used solely for their own purposes by houses of religious worship or religious societies entitled to exemption under section 652, subsection 1, paragraph G;
- 10. Certain nonresidents.** Motor vehicles permitted to operate without Maine registration under Title 29-A, section 109;
- 11. Interstate commerce.** Vehicles traveling in the State only in interstate commerce, and owned in a state wherein an excise or property tax shall have been paid on the vehicle, and which grants to Maine owned vehicles the exemption contained in this subsection;
- 12. Certain veterans.** Automobiles owned by veterans who are granted free registration of such vehicles by the Secretary of State under Title 29-A, section 523, subsection 1;
- 13. 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 under an operating authority license issued pursuant to Title 29-A, section 552. At the option of the appropriate municipality, those buses may be subject to the excise tax provided in section 1482 ;

14. Antique and experimental aircraft. Antique and experimental aircraft as defined in Title 6, section 3, subsections 10-A and 18-E and registered according to the provisions of Title 6;

15. Adaptive equipment. Adaptive equipment installed on a motor vehicle owned by a disabled person or the family of a disabled person to make that vehicle operable or accessible by a disabled person; and

16. Active military stationed in Maine. Vehicles owned 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. A member of the Armed Forces of the United States stationed in the State who desires to register that member's vehicle in this State shall present certification from the commander of the member's post, station or base, or from the commander's designated agent, that the member is permanently stationed at that post, station or base. For purposes of this subsection, "a person on active duty serving in the Armed Forces of the United States" does not include a member of the National Guard or the Reserves of the United States Armed Forces.

§1484. PLACE OF PAYMENT

The excise tax imposed by this chapter must be paid as provided in this section.

1. Aircraft. The excise tax on an aircraft must be paid to the Department of Transportation. The Department of Transportation shall distribute the receipts from each excise tax payment to the municipality where the aircraft is based except as follows.

A. If the aircraft is based at an airport owned by a county, the excise tax payments must be distributed to that county.

B. If the aircraft is based at the Augusta State Airport, the excise tax payments must be retained by the Department of Transportation.

For the purposes of this subsection, an aircraft is deemed to be based at the location in the State where it has been hangared, parked, tied down or moored the most nights during the 30-day period of active flying preceding payment of the excise tax. If the aircraft has not been hangared, parked, tied down or moored at a location in the State during the 30-day period of active flying preceding payment, then the aircraft is deemed to be based at the location in the State where it will be hangared, parked, tied down or moored the most nights during the 30-day period of active flying next following payment of the excise tax.

2. Mobile homes and camper trailers. Mobile homes and camper trailers are subject to excise tax as provided in this subsection.

A. If the excise tax on a mobile home or camper trailer is paid prior to April 1st, or if the mobile home or camper trailer is acquired or brought into this State after April 1st, the excise tax must be paid in the place where the mobile home or camper trailer is located.

B. If the excise tax on a mobile home or camper trailer is paid on or after April 1st, the excise tax must be paid in the place where the mobile home or camper trailer was located on April 1st.

3. Motor vehicles. Motor vehicles are subject to excise tax as provided in this subsection.

A. The excise tax on a motor vehicle owned by an individual resident of this State must be paid in the place where the owner resides.

B. The excise tax on a motor vehicle owned by a nonresident individual must be paid in the place where the owner is temporarily or occasionally residing. If there is no such residing place, the tax must be paid to the Secretary of State.

C. The excise tax on a motor vehicle owned by a corporation or a partnership must be paid in the following manner.

(1) If the owner is a corporation or partnership other than one described in subparagraph (2), the

excise tax must be paid to the place in which the owner's registered or main office is located, except that if the owner has an additional permanent place of business where motor vehicles are customarily kept, the tax on these vehicles must be paid to the place where that permanent place of business is located. The temporary location of an office and the stationing of vehicles in connection with a construction project of less than 24 months duration is not considered to constitute a permanent place of business. If the owner is a foreign corporation or partnership not maintaining a place of business within the State, the excise tax must be paid to the Secretary of State.

(2) If the owner is a corporation described in Title 35-A, sections 2101 to 2104, the excise tax must be paid to the place in which the registered or main office of that organization is located.

Within 3 years from the date of an excise tax levy under the authority of this paragraph, a municipality, county or motor vehicle owner that feels the excise tax has been improperly levied may request a determination of this question by the State Tax Assessor. The State Tax Assessor's determination is limited to the same 3-year period and is binding on all of the parties. Any of the parties may seek review of the determination in accordance with the Maine Rules of Civil Procedure, Rule 80-C. Within 30 days after receipt of notice of a determination made by the State Tax Assessor under this paragraph, a municipality or county that has incorrectly accepted excise tax money must pay the money, together with interest at the maximum rate established by the Treasurer of State pursuant to section 505, to the municipality or county identified in the determination as the proper place of payment.

D. Notwithstanding other provisions of this subsection, if a motor vehicle is leased for a period of one month or longer, the excise tax must be paid in the place where it would be paid if the lessee were the owner.

E. When an excise tax is paid to the Secretary of State under this subsection, it must be deposited in the General Fund.

4. When paid to State.

§1485. Exemption from personal property taxation

Any vehicle owner who has paid the excise tax on his vehicle in accordance with sections 1482 and 1484 shall be exempt from personal property taxation of such vehicle for that year.

§1486. TAX PAID BEFORE REGISTRATION

No vehicle may be registered under Title 29-A or Title 6 until the excise tax or personal property tax or real estate tax has been paid in accordance with sections 1482 and 1484.

1. Exempt status. Where a personal property or real estate tax is to be paid as a prerequisite to registration, the exempt status of the vehicle shall be determined by section 1483.

§1487. COLLECTION OF TAX

1. Municipal tax collector. In the case of municipalities, or a municipally owned airport or seaplane base the municipal tax collector or such other person as the municipality may designate shall collect such excise tax and shall deposit the money received with the municipal treasurer monthly.

A. Such collector shall report to the municipal officers at the end of the municipal year, showing the total amount of excise tax collected by him and the amounts applying to each year.

1-A. County treasurer. In the case of a county owned airport or seaplane base the county treasurer or such other person as the county commissioners may designate shall collect such excise tax and shall deposit the money received with the county treasurer monthly.

A. Such collector shall report to the county commissioners at the end of the county year, showing the total amount of excise tax collected by him and the amounts applying to each year.

2. (CONFLICT: Text as amended by PL 2007, c. 541, Pt. E, §1) State Tax Assessor. In the unorganized territory, the State Tax Assessor shall appoint agents to collect the excise tax. Agents, including municipalities designated as agents, are allowed a fee of \$6 for each tax receipt issued. Agents shall deposit the remainder on or before the 20th day of each month following receipt with the Treasurer of State. The Treasurer of State shall make quarterly payments to each county in an amount that is equal to the receipts for that period from each county. Those payments must be made at the same time as payments under section 1606. County receipts under this section must be deposited in the county's unorganized territory fund.

2. (CONFLICT: Text as amended by PL 2007, c. 693, §13) State Tax Assessor. The State Tax Assessor shall appoint agents to collect the excise tax in the unorganized territory. Agents, including municipalities designated as agents, are allowed a fee of \$4 for each tax receipt issued. The State Tax Assessor may authorize the offset of credit card fees incurred in the collection of the excise taxes against the receipts from those collections. Agents shall deposit the remainder on or before the 20th day of each month following receipt with the Treasurer of State. The Treasurer of State shall make quarterly payments to each county in an amount that is equal to the receipts for that period from each county. Those payments must be made at the same time as payments under section 1606. County receipts under this section must be deposited in the county's unorganized territory fund.

2-A. Agent for collecting excise tax. The State Tax Assessor may appoint the Secretary of State as an agent for the purpose of collecting excise tax for the unorganized territories.

3. Tribal clerk.

§1488. RECEIPTS ISSUED IN DUPLICATE

Receipts for payment of the excise tax shall be in the form prescribed by the Secretary of State. They shall be issued in duplicate, and one copy shall be filed with the application at the time application is made for registration of the vehicle.

§1489. CREDITING AND APPORTIONMENT OF TAX RECEIVED

1. Municipal excise tax account. In municipalities the treasurer shall credit money received from excise taxes to an excise tax account, from which it may be appropriated by the municipality for any purpose for which a municipality may appropriate money.

2. County treasurer.

§1490. FALSE STATEMENTS TO ANY PERSON RECEIVING TAX

Any person intentionally making any false statement to any person charged with the duty of receiving this tax and issuing the receipt therefor, when making statement for the purpose of the levy of the tax hereunder, commits a civil violation for which a forfeiture not to exceed \$25 may be adjudged.

§1491. FALSE ENTRY ON RENEWAL FORMS

Any person making a false entry on the renewal form provided by the Secretary of State in the collection of the excise tax, as authorized by section 1482, subsection 6, paragraph E, commits a civil violation for which a forfeiture of not less than \$100 nor more than \$500 shall be adjudged.