

WHAT IS EXCISE TAX?

Excise Tax is an annual tax that must be paid prior to registering a vehicle. Except for a few statutory exemptions, all vehicles registered in the State of Maine are subject to the excise tax.

Excise Tax is defined by State Statute as a tax levied annually for the privilege of operating a motor vehicle or camper trailer on the public ways.



WHERE DO I PAY THE EXCISE TAX?

Excise tax is paid at the local town office where the owner of the vehicle resides. When a vehicle needs to be registered, an excise tax is collected prior to the registration.

HOW MUCH IS THE EXCISE TAX?

The amount of tax you pay depends on two things:

1. The age of the vehicle
2. MSRP (manufacturers suggested retail price)

Newer vehicles will generally be more expensive to excise than older vehicles.

HOW IS THE EXCISE TAX CALCULATED?

Excise Tax is calculated by multiplying the MSRP by the mil rate as shown below. The rates drop back on January 1st each year.

1 st year	.0240 mil rate
2 nd year	.0175 mil rate
3 rd year	.0135 mil rate
4 th year	.0100 mil rate
5 th year	.0065 mil rate
6 th year	.0040 mil rate

For example, a 3 year old car with an MSRP of \$19,500 would pay \$263.25.

$$(\$19,500 \times .0135 = \$263.25)$$

WHERE DOES THE TAX GO?

The town that collects the excise tax can use it as revenue towards the annual town budget. Typically, the revenue is spent on local road maintenance, construction and repair.

WHY IS THE TAX BASED ON MSRP?

Excise Tax was designed with equity in mind. In 1925, this tax was enacted as a Maine Law. At that time, the Legislature decided that the fairest tax assessment would be based on what the manufacturer suggests it sell for.

This law has remained in effect for over 75 years to ensure that everyone who drives the same vehicle was paying the same amount of tax.

WHERE CAN A TOWN GET THE MSRP?

There are several resources for the MSRP that will provide information on the retail price of a vehicle. New vehicles must have a window sticker that will be used.

For used cars, one can use the NADA Guide, The New Car Cost Guide, the Automobile Red Book and the Automobile Blue Book.

Many towns have adopted software based on the Red Book and can use the VIN number in order to get the MSRP of that vehicle.

If a town did not collect excise tax, then they would be forced to increase other taxes in order to make up the difference.