

## VEHICLE LICENSE TAX

### DESCRIPTION

*The vehicle license tax is levied on owners of registered motor vehicles in this state. The tax is levied per \$100 of a vehicle's assessed value. For the first 12 months of the life of a vehicle, the assessed value is equal to 60% of the manufacturer's base retail price. For each subsequent year, the assessed value is 16.25% less than the previous year. Through May 31, 2000, the rate per \$100 of assessed value is \$3.22 for new vehicles and \$3.32 for renewals. Beginning June 1, 2000, the rate per \$100 of assessed value is \$3.12 for new vehicles and \$3.22 for renewals. Additional tax reductions will apply if specified revenue "triggers" are reached.*

### TAX YIELD

<u>Fiscal Year</u>	<u>Net Collections</u>
1997-98	\$586,835,092
1998-99 Est.	\$594,224,410

### DISTRIBUTION OF VEHICLE LICENSE TAX

<u>Fiscal Year</u>	<u>State General Fund</u>	<u>State Highway Fund</u>	<u>Local Governments</u>
1997-98	\$168,833,230	\$121,324,834	\$296,677,028
1998-99 Est.	\$ 90,592,289	\$134,151,275	\$369,480,846

### 1999 TAX LAWS

**Laws 1999, 1st Special Session, Chapter 5** reduced the vehicle license tax rate from \$3.35 for each \$100 of assessed value down to \$3.22 for new vehicles, and from \$3.45 for each \$100 of assessed value down to \$3.32 for renewals. Beginning June 1, 2000, the rate per \$100 of assessed value for new vehicles will further decrease to \$3.12, and the rate per \$100 of assessed value for renewals will drop to \$3.22. This provision is effective July 7, 1999. Also, this act identified 5 additional rate reductions that are based on the availability of excess revenue at the end of FY 1999. If sufficient revenue exists to implement all 5 "triggered" rate reductions, the tax rate would fall by another \$0.29. The conditional vehicle license tax reductions would be effective December 1, 1999.

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