

**Motor Vehicle Excise Tax Commitments and Accounts Receivable
Policies and Procedures**

**Approved by:
Select Board and
Tax Collector
Effective: 4/22/20**

PURPOSE:

To establish motor vehicle excise tax billing, commitment, abatement and marking standards and processes that are consistent with statutory requirements in order to assure collection of committed charges based on a sound system of internal controls and division of responsibilities.

AUTHORITY:

MGL Chapter 60A

POLICY:

The town's policy is to follow Massachusetts General Law and best practices in the collection of Motor Vehicle Excise taxes in order to optimize cash flow and treat taxpayers fairly and consistently.

BACKGROUND

Except as otherwise provided, there must be an excise assessed and levied each calendar year on every motor vehicle and trailer registered in the Commonwealth. The excise must be payable to the community in which the vehicle is principally garage. When an individual moves during a calendar year, payment is due where the vehicle was originally garaged on January 1st or where garaged on the date of registration if registered after January 1st. A vehicle registered at any time during a month is considered to be registered for the entire month. For vehicles registered after January 31st, the excise amount is prorated, by the month, for the remainder of the calendar year.

The valuation of the vehicle for excise purposes is the applicable Chapter 60A section 1 percentage of the manufacturer's suggested retail price of that vehicle in its year of manufacturer. The schedule is as follows:

- In the year preceding the designated year of manufacturer.....50%
- In the year of manufacturer.....90%
- In the second
year.....60%
- In the third
year.....40%
- In the
fourth.....20%
- In the fifth and succeeding years..... 10%

The excise tax rate is \$25.00 per \$1,000 of valuation. The Assessors may not consider a vehicle's condition and market value in determining the excise value. No excise bill shall be issued for less than \$5.00. No abatements or refunds will be issued in an amount less than \$5.00.

Commitment

The Registry of Motor Vehicles maintains all records on motor vehicles and values. Several times over the course of the year, the RMV provides the Tax Collector's software company an electronic file containing all of the information necessary for the billing of the motor vehicles registered in Monterey. The file is converted and sent to the Tax Collector. The Tax Collector and Assessor's Office together identify any exempt vehicle (to be voided) as well as any vehicles included in Monterey's files in error (to be abated). In the case of vehicles that are not garaged in Monterey, the Assessor's Office abates the excise tax and mails the bills to the Assessor's Office in the correct town of garaging for recommitment. The Tax Collector creates a commitment file and prints two copies of the commitment book-- one for the Tax Collector and one for the Assessor's Office. The Board of Assessors submits a Warrant to the Collector (State Tax Form 56) to the Tax Collector. It also submits a Notice of Commitment (State Form 54) to the Accountant. The amount on the Warrant is reconciled with the Tax Collector's commitment file and obligates the Tax Collector to collect the full amount thereon.

If the Board of Assessors votes to exempt boats and/or Farm Plates from excise tax, no commitment is created.

BILLING:

Within 15 days of receiving the Warrant, the Tax Collector prints the bills and mails them via US Mail to the address provided by the Registry of Motor Vehicles. The form and content of the bills must comply with Department of Revenue guidelines. Failure to receive a tax bill shall not affect the validity of the excise tax. If a bill is returned as undeliverable, the Tax Collector should make a reasonable attempt to find a correct mailing address. MGL requires registrants to notify the Registry in writing of any change in name or change in residential or mailing address within 30 days of the change.

PAYMENTS:

Payments are accepted by US Mail, in person, online through the town website, or may be left in either the exterior or internal mail boxes at Town Hall. Cash should only be accepted in person by the Tax Collector who will issue a receipt. MGL does not extend the authorization to accept partial payments for motor vehicle excise tax, and the Tax Collector may properly refuse to accept anything less than a full payment. Excise bills are due 30 days from the date of issue printed on the tax bill or 30 days from the date of mailing, whichever is later.

ABATEMENTS:

The Board of Assessors has the sole responsibility for granting Motor Vehicle excise abatements when appropriate. Abatements shall be issued timely and copies will be sent to the Tax Collector. Monthly summaries will be sent to the Accountant.

Tax payers may request abatements through the Assessor's Office. If the bill is delinquent, the bill must be paid before the request will be considered. The taxpayer must provide proof in the form of a plate return receipt or plate transfer receipt if the vehicle is no longer registered. The Assessors may use the Registry database as proof that the plate has been transferred. If the taxpayer has a dispute with the value assigned to the vehicle, the Assessor's Office will contact the Registry of Motor Vehicles to research the valuation.

REFUNDS:

At least once a month, the Tax Collector will turn over to the Accountant a schedule containing the names and the amounts of tax payers who are due refunds due to overpayment or abatement. Refunds will be placed on a warrant and issued in accordance with MGL.

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DEMANDS:

If payment is not made by the due date, the Tax Collector shall issue a demand notice. The demand may not be issued until at least one day has elapsed after the bill is past due. Demands are issued within two weeks of the due date of the original bill. A demand fee of \$5.00 and 12% interest is added to the tax. Interest is calculated from the 31st day after the issue date, as per MGL. The Tax Collector is permitted to waive payment of the interest, charges, and fees, but only if the total of such amounts does not exceed \$15.00.

WARRANTS:

If the bill remains unpaid 14 days after the demand notice is sent, the Tax Collector may initiate the warrant process. The Tax Collector has appointed a Deputy Collector to bear the responsibility of issuing and collecting warrants. After flagging the unpaid bills in the commitment book, the Tax Collector will turn over the unpaid bills to the Deputy Collector. At that time, a Warrant Fee of \$10.00 and a Notice Fee of \$12.00 is added to the bill. Interest continues to accrue at 12% until the date of payment. The warrant is due 30 days from issuance. If the bill remains unpaid, the Deputy Collector may add a Service Fee of \$17.00 for exhibiting the warrant to the delinquent or leaving a copy of it at the last place of residence.

MARKS:

As a final collection action, the Tax Collector, through the Deputy Collector, places a mark on the taxpayer's driver's license and registration on the database at the Registry of Motor Vehicle. This action prohibits vehicle owners from registering their car or renewing their license without paying outstanding balances. A \$20.00 Registry Marking Fee is added to the bill. Upon full payment of the excise tax and all associated interest and fees, the Deputy Collector accesses the database at the Registry of Motor Vehicles electronically and removes the mark. A mark will not be removed until all outstanding warrants in the taxpayers' name are paid in full.

DEPUTY COLLECTOR TURNOVERS:

The Deputy Collector deposits all warrant payments, including all fees, to the Town's Deputy Collector bank account. Partial payments are not accepted. Monthly, the Deputy makes an accounting to the Tax Collector of all payments received. The Tax Collector posts all payments and submits to the Accountant and Treasurer a turnover of receipts and transfers the monies collected to the Treasurer's bank account. Upon receipt of invoice from the Deputy Collector, the Tax Collector submits the proper paperwork for a vendor warrant for payment to the Deputy of all collected Notice Fees (\$12.00) and Service Fees (\$17.00). Monthly, the Deputy Collector sends the outstanding warrants list to be reconciled with the Tax Collector's database.

