



OLR RESEARCH REPORT

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LOCAL OPTION MOTOR VEHICLE PROPERTY TAXES

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You asked which states authorize municipalities to levy a local option motor vehicle property tax.

We identified two states, Alaska and Texas, that allow municipalities to impose a local option motor vehicle property tax. They differ from other states that (1) require local governments to tax motor vehicles along with other types of personal property; (2) impose statewide property taxes or value-based fees on motor vehicles; or (3) do not levy local property taxes or value-based taxes on motor vehicles. (OLR report [2013-R-0170](#) identifies the states that impose statewide motor vehicle property taxes.)

Alaska municipalities may choose to levy a personal property tax, local registration tax, or no local tax on motor vehicles. They have broad authority under Alaska's property tax law to classify and exempt or partially exempt some or all types of personal property from taxation, including motor vehicles (Alaska Stat. Ann. § 29.45.050). In lieu of a local property tax on motor vehicles, municipalities may instead choose to impose a specified local registration tax on motor vehicles (Alaska Stat. Ann. § 28.10.431). The state administers the local registration fee, which is based on the vehicle's class and model year.

Texas municipalities have the option to tax or exempt tangible personal property, including motor vehicles, used for personal purposes (i.e., non-income-producing property). Under Texas state law, such personal property is exempt from local taxation unless the local

government, by resolution or order and following a public hearing, finds that it is in its residents' interests to tax it (Tex. Tax Code Ann. § 11.14). Business personal property (i.e., income-producing property) is generally subject to local property taxes.

RP:ts