

Montana Motor Vehicle Fees

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The State of Montana imposes a variety of registration fees on motor vehicles, trailers and recreational vehicles that vary substantially based on vehicle type, age, and length or weight. The [DOJ website](#) and [Montana Code Annotated](#) provide detail on specific fees by type. In addition to these registration fees, counties may also impose a local option tax of up to 0.7% of the retail value of the vehicle, which provides revenue directly for the county, and cities and towns within that county. Big Horn, Deer Lodge, Flathead, Granite, Phillips, and Richland counties are the only counties that currently do not have a local option tax.

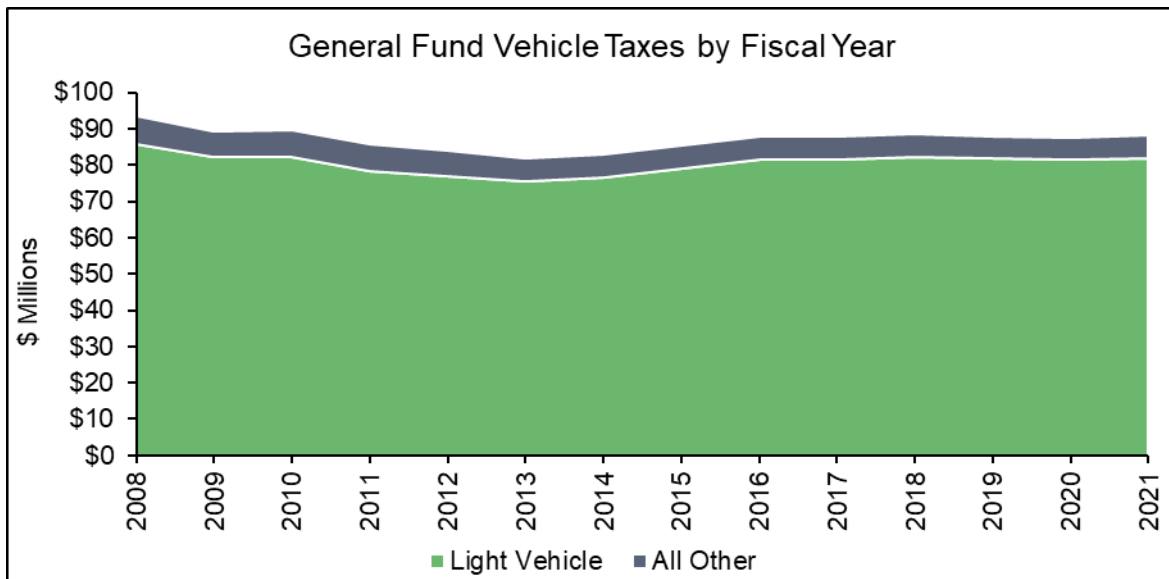
Revenue generated from vehicle registration fees is a fairly stable and significant contributor to the state general fund, as it is the fourth largest general fund revenue source. Light vehicle registrations make up a majority of the total revenue collections, at nearly 90%. Large trucks, motor homes, motorcycles, and boats/snowmobiles make up the remaining 10%. Light vehicles aged 0 to 4 years old pay an annual fee of \$217, 5 to 10-year-old vehicles pay an annual fee of \$87, those older than 11 years can choose to pay an annual fee of \$28 or may choose to permanently register their vehicle for a one-time fee of \$87.50, which essentially ages them out of the registration fee system. The fee structure for all vehicle types are outlined below.

Montana Vehicle Registration Fees			
Vehicle Type	Class Definition	Age Class	Fee
Light Vehicles	Light vehicles, trucks, and buses that weigh less than 1 ton	0-4 yrs	\$217
		5-10 yrs	\$87
		11+ yrs	\$28
		Permanent Fee for 11+ yr old vehicles	\$87.50
Large Trucks	Heavy trucks, buses, and logging trucks that weigh more than 1 ton		\$22.75
Motor Homes		0-2 yrs	\$282.50
		2-5 yrs	\$224.25
		5-8 yrs	\$132.50
		8+ yrs	\$97.50
		Permanent Fee for 11+ yr old vehicles	\$237.50
Motorcycles	Highway use	OTO	\$53.25
Boats	Less than 16 feet	OTO	\$65.50
	16-19 feet	OTO	\$125.50
	19+ feet	OTO	\$295.50
Snowmobiles		OTO	\$60.50

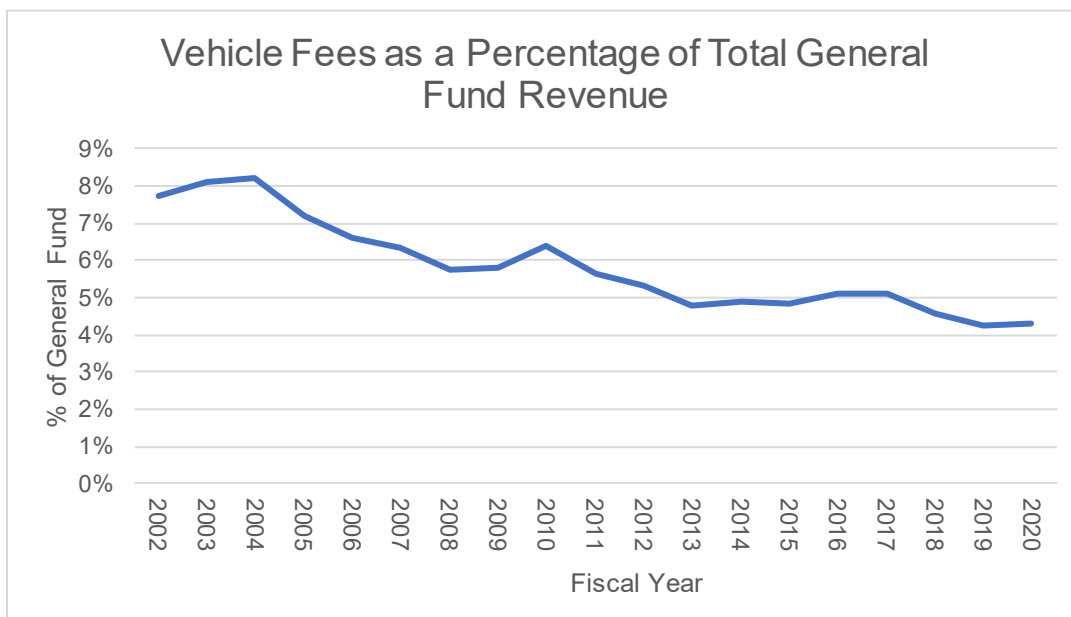
REVENUE HISTORY AND TRENDS

Historically, registration fee revenues have remained relatively flat and do not experience the volatility that is often seen with several other large general fund sources. Generally, fluctuations in vehicle registration fee collections occur due to vehicles aging and moving through the classes of progressively lower registration fees and eventually out of annual renewals when they are eligible to become permanently registered. Economic shocks that impact new vehicle purchases are often seen several years later in revenues, as a lower number of new vehicles being purchased and registered will cause a decline in revenue. An example of this can be seen in the graph below, as there was a slight dip in the years following the 2008 recession.

Looking forward, revenues are expected to remain relatively flat. However, as vehicles continue to make technological leaps and last longer, future revenue collections may be impacted as the need to purchase a new vehicle as frequently declines.



Although registration revenue is a significant source of general fund revenue, growth in registration revenue collections has not kept pace with total general fund growth due to the flat fee structure. The graph below displays vehicle fee revenue as a percentage of total general fund revenue. In 2002, vehicle fees were nearly 8% of total general fund revenue, while in 2020 that number declined to about 4%.



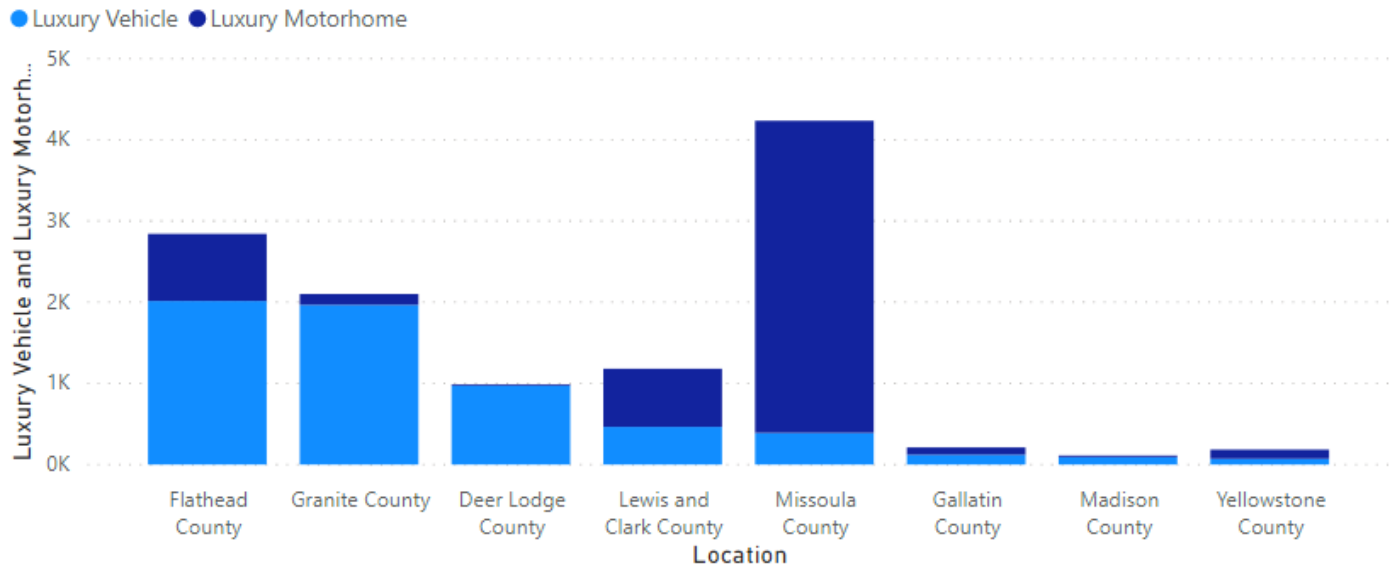
THE LUXURY VEHICLE/MOTORHOME FEE AND TAX INCENTIVES

In the 2017 Regular Session, [HB 650](#) implemented a new fee imposed on luxury vehicles and motorhomes registered in the state of Montana. The fee is \$825 for luxury light vehicles with a retail value of greater than \$150,000 and \$800 for motorhomes with a retail value of greater than \$300,000. The fee is in addition to the normal registration fees outlined on the first page above, and revenue from the fee is distributed into the motor vehicle administration state special revenue fund.

The luxury vehicle fee also highlights the unique tax structure that incentivizes out of state luxury vehicle owners to register their cars in Montana. Because there is no sales tax in the state, and several counties also do not levy a local option tax, the cost of registering luxury vehicles here as opposed to other states that may have registration fees, sales tax, and local taxes is significantly lower. This [article](#) talks about the luxury vehicle fee, and why it is likely that you will see a Montana license plate on a luxury car (although probably not actually in the state of Montana).

The graph below shows the number of luxury vehicle and motorhome registrations for select counties in the state since the luxury vehicle fee was implemented. Flathead, Granite and Deer Lodge counties, who lack local option vehicle taxes, have the largest amount of luxury vehicle registrations. Missoula county registers a significant number of the luxury motorhomes in the state, which is likely due to the fact that one of the largest RV dealers in the state is in Missoula. Although Missoula county levies a local option tax, the tax only applies to light vehicles, so it does not impact the cost of registering a luxury RV within the county.

Luxury Vehicle and Motorhome Registrations by County



CONCLUSION

Vehicle registration fees will likely continue to make up a significant portion of total general fund revenue, particularly as the population grows within the state. However, due to the registration fees being a flat fee rather than a percentage of retail value of the vehicle, the percentage of total general fund revenue that vehicle fees make up will likely continue to fall unless the legislature chooses to make changes to the fee structure.