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Motor Vehicle Excise Tax Increase Will Fund Emergency Road Improvements

The Motor Vehicle Excise Tax on vehicles purchased in New Mexico will rise from 3 percent to 4 percent of the sales price on July 1.

The increase will generate about \$52 million annually, raising money for critical road needs around the state. In its first year, the increase will specifically help address emergency road conditions in southeastern New Mexico's Permian Basin caused by increased oil and gas production in the region.

Any vehicle purchased on or after July 1 is subject to the higher tax rate. Vehicles purchased before July 1 are eligible for the lower rate even if they are titled and registered afterward.

The motor vehicle excise tax in New Mexico will still be lower than in surrounding states, which can be as high as about 8 percent after adding in local rate increments.

For used vehicles sold in private transactions -- with some exceptions -- the value used to calculate the tax is the higher of A. the purchase price or B. 80 percent of the average N.A.D.A. trade-in or wholesale value of the vehicle.

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