



Accelerate Indiana  
Municipalities

# MINI QUICK GUIDE: WHEEL AND VEHICLE EXCISE TAX

## OVERVIEW

- The municipal wheel tax and vehicle excise tax are local options available to all municipalities with a population of 5,000 and above.
- If a municipality adopts a wheel tax, they must also adopt a vehicle excise tax and vice versa.
- Revenue from this tax can be used for capital expenses associated with road projects in the community.
- County governments may also adopt these taxes and part of that tax is distributed to the underlying municipality.
  - Whether or not a county has adopted the wheel does not limit the municipality's ability to adopt the tax.
  - If both the county and the municipality have adopted the tax, both are collected within the municipal boundaries.
- All wheel tax and vehicle excise taxes are collected through registration fees during the annual registration process by the Bureau of Motor Vehicles.

## TAX RATES

### Wheel Tax

- The wheel tax applies only to commercial vehicles defined as:
  - Buses;
  - Recreational vehicles;
  - Semitrailers;
  - Trailers with a gross weight above 9,000 pounds; or
  - Trucks and tractors with a gross weight above 11,000 pounds.
- The municipality may apply a different tax rate to each class of commercial vehicle, but all must be at least \$5 annually and can be up to \$40 annually.

### Vehicle Excise Tax

- The vehicle excise tax applies to passenger vehicles defined as:
  - Passenger motor vehicles;
  - Motorcycles;
  - Motor driven cycles;
  - Collector vehicles;
  - Except for a trailer described in I.C. 6-6-5-3.5, trailer vehicles with a declared gross weight of 9,000 pounds or less;
  - Trucks with a declared gross weight of 11,000 pounds or less;
  - Mini trucks; or
  - Military vehicles.
- The municipality may apply a different tax rate to each class of passenger vehicle, but all must be at least \$7.50 annually and can be up to \$25 annually.

## ALLOWABLE USES

- The revenue generated by the wheel tax and vehicle excise tax can be used to:
  - Construct, reconstruct, repair, or maintain streets and roads; and
  - Provide matching funds for the Community Crossings Matching Grant fund.
- The definition is similar to the restrictions on the Motor Vehicle Highway (MVH) restricted fund and is reserved for capital expenses, not normal maintenance or personnel costs associated with maintaining a road system.

## ADOPTION PROCEDURE

- The wheel tax and vehicle excise tax must be adopted concurrently by ordinance by the council of the adopting municipality.
- The tax must be adopted by September 1 in order to go into effect on January 1 of the following year.
- In addition to passing the ordinance, the municipality must transmit a copy of their ordinance and asset management plan to both the Bureau of Motor Vehicles and the Department of Revenue.