

## MVD Procedural Quick Update

#108

**RE: Excise Tax on Commercial Vehicles**  
**Effective date: Immediate**

Date: January 6, 2010  
To: All MVD  
From: Mac Lewis, MVD Policy and Procedures Manager

*[This is the latest in a series of procedural updates. These updates deal with specific MVD procedures and practices. Managers and Supervisors should consistently distribute the updates to all personnel and integrate them into regular information and training sessions.]*

**Vehicles that are over 26,000 lbs. (commercial vehicles) are not exempt from Motor Vehicle Excise Tax, even if the vehicles are purchased for subsequent lease.**

All vehicles, including those that are over 26,000 pounds are subject to the Motor Vehicle Excise Tax (MVET). Section 7-14-6F NMSA 1978 provides an exemption from the Motor Vehicle Excise Tax (MVET) for vehicles that are acquired for subsequent lease if they meet all of the following criteria:

- the vehicle is held only for lease or sale in the ordinary course of business;
- the lease is for a term of more than six months;
- the receipts from the subsequent lease are subject to the gross receipts tax; and
- the vehicle does not have a gross vehicle weight of over 26,000 pounds.

**The leased vehicles exemption to the MVET does not ever apply to vehicles that are over 26,000 pounds (i.e. commercial vehicles).**

This fact has been well established for some years. However, it appears that some commercial carriers may have convinced MVD agents that the leased vehicles exemption does apply to them.

As noted in a 2003 memorandum from then MVD Director Gordon Eden, the law requires collection of the Motor Vehicle Excise Tax, and all MVD employees and agents, including PRAs and TSCs, are charged with the collection of this tax.

MVD will pursue an audit to identify any commercial vehicle title transactions where the excise tax was mistakenly not charged, and every effort will be made to collect any taxes that should have been paid but were not.

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Field office managers and supervisors should refer any comments or questions regarding this Procedural Quick Update to their Bureau Chiefs, with cc to [mac.lewis@state.nm.us](mailto:mac.lewis@state.nm.us). Others are encouraged to direct comments or questions directly to Mac Lewis.

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