

## MVD Procedural Quick Update

#81rev2

**RE: Excise Tax – 80% of N.A.D.A. Average Trade-In Value**  
**Effective date: January 1, 2009**

Date: February 10, 2009  
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.]*

**Effective January 1, 2009, the value used to calculate the Motor Vehicle Excise Tax on the sale of a used motor vehicle shall be the higher of the declared purchase price or 80% of the N.A.D.A. average trade-in or wholesale value of the vehicle, with limited exceptions as noted below.**

Substantial Motor Vehicle Excise Tax (MVET) revenues are lost when the actual sale price of vehicles is fraudulently understated to avoid payment of the correct excise tax when the vehicle is titled by the new owner.

The three percent (3%) MVET is required to be paid on the sale of a vehicle based on the sale price or (if higher) on the reasonable value of the vehicle at the time of sale. Note: This PQU does not apply to gifts or to other transactions that are MVET-exempt (reference the MVD Vehicle Procedures Manual, Chapter 6, Sections D and E).

By rule (3.11.4.14 NMAC), the price paid for a used vehicle cannot be relied upon to indicate the reasonable value of the vehicle. Instead, the rule provides for a presumption that the value of the vehicle transferred is no less than the average trade-in (wholesale) value for the make, model and year of the vehicle as reported by the National Automobile Dealers Association (N.A.D.A.).

Accordingly, effective January 1, 2009, the MVET value for the sale of a used motor vehicle shall be the higher of the declared purchase price or 80% of the N.A.D.A. average trade-in or wholesale value. On each title transaction, when a used motor vehicle has been sold and is being titled, the MVD agent is directed to use the N.A.D.A. web site (linked from the MVD intranet home page) to ascertain the N.A.D.A. average trade-in/wholesale value for the vehicle, based on the vehicle's actual mileage (if available) but without considering vehicle options.

For used cars and trucks, all you need to enter is the VIN and the actual mileage (if available). Calculate 80% of the resulting average trade-in value. The resulting value, if it is higher than the sale price stated in documents presented by the customer, must be used in calculating the Motor Vehicle Excise Tax.

### **There are four exceptions:**

1. If the sale is by a licensed dealer, and a dealer invoice is presented, we will accept the price paid that is indicated on the invoice, as we would for a new car sale.
2. If no N.A.D.A. average trade-in or wholesale value is available online (as is the case, for example, for passenger vehicles with model years prior to 1990), we will accept the stated price from the title or bill of sale.
3. If the vehicle's title has a salvage brand, we will accept the stated price from the title or bill of sale.

4. If the N.A.D.A. web site gives a "rough trade-in" value and a "clean trade-in" value, but no "average trade-in" (as is the case for motorcycles) use a value that is 80% of the lower, rough trade-in value.

**Note:** It is not up to field office personnel to determine or negotiate the actual value of a vehicle.

The customer may rebut the presumption by presenting evidence sufficient to establish a lower value. But merely confirming the price paid is not evidence of reasonable value. If the customer wishes to prove that the actual value of the vehicle is lower than the N.A.D.A. value applied, he may do so by submitting a Request for Refund (MVD-10208), together with sufficient documentation (typically in the form of an auto body shop estimate of repairs needed or a formal statement of value from a licensed dealer or other professional appraiser).

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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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