

FEDERAL TAX RATES ON MOTOR VEHICLES AND RELATED PRODUCTS 1/

OCTOBER 1998

TABLE FE-101B

| EFFECTIVE DATE OF NEW TAX OR REVISION OF EXISTING TAX | AUTOMOBILES (PERCENT OF MANUFACTURER'S SALES PRICE) | MOTORCYCLES (PERCENT OF MANUFACTURER'S SALES PRICE) | BUSES (PERCENT OF MANUFACTURER'S SALES PRICE) | TRUCKS 2/ | TRAILERS 2/ | PARTS AND ACCESSORIES (PERCENT OF MANUFACTURER'S SALES PRICE) | TIRES 3/ | TUBES 3/ | TREAD RUBBER (CENTS PER POUND) 4/ | USE |
|---|---|---|---|--|--|---|--|------------------|-----------------------------------|--|
| October 4, 1917 | 3 percent | 3 percent | 3 percent | 3 percent | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ |
| January 1, 1919 | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | Automobiles for hire \$10 for 7 or fewer passengers; \$20 for over 7 passengers |
| February 25, 1919 | 5 percent | 5 percent | 5 percent | ↓ | ↓ | 5 percent | 5 percent | 5 percent | ↓ | ↓ |
| July 3, 1924 | ↓ | ↓ | ↓ | Exempted truck chassis sold for \$1,000 or less and truck bodies for \$200 or less | ↓ | 2.5 percent | 2.5 percent | 2.5 percent | ↓ | ↓ |
| February 26, 1926 | ↓ | ↓ | ↓ | Repealed | ↓ | Repealed | Repealed | Repealed | ↓ | ↓ |
| March 29, 1926 | 3 percent | 3 percent | 3 percent | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ |
| June 30, 1926 | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | Repealed |
| May 29, 1928 | Repealed | Repealed | Repealed | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ |
| June 21, 1932 | 3 percent | 3 percent | 3 percent | 2 percent | ↓ | 2 percent | 2.25¢ per pound | 4¢ per pound | ↓ | ↓ |
| July 1, 1940 | 3.5 percent | 3.5 percent | 3.5 percent | 2.5 percent | ↓ | 2.5 percent | 2.5¢ per pound | 4.5¢ per pound | ↓ | ↓ |
| October 1, 1941 | 7 percent | 7 percent | 5 percent | 5 percent | House trailers, 7 percent; others, 5 percent | 5 percent | 5¢ per pound | 9¢ per pound | ↓ | ↓ |
| February 1, 1942 | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | All motor vehicles, \$5 |
| June 30, 1946 | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | Repealed |
| November 1, 1951 | 10 percent | 10 percent | 8 percent | 8 percent | 8 percent 5/ | 8 percent | ↓ | ↓ | ↓ | ↓ |
| September 1, 1955 | ↓ | Repealed | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ |
| July 1, 1956 | ↓ | ↓ | 10 percent | 10 percent | 10 percent 5/ | ↓ | 8¢ per pound | ↓ | 3¢ | Annual tax on motor vehicles over 26,000 pounds gross weight, \$1.50 per 1,000 pounds 6/ |
| July 1, 1961 | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | 10¢ per pound | 10¢ per pound | 5¢ | Annual tax on motor vehicles over 26,000 pounds gross weight, \$3 per 1,000 pounds 6/ |
| June 22, 1965 | 7 percent 7/ | ↓ | 10 percent 5/ | 10 percent 5/ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ |
| January 1, 1966 | 6 percent | ↓ | ↓ | ↓ | ↓ | 8 percent 8/ | ↓ | ↓ | ↓ | ↓ |
| March 16, 1966 | 7 percent | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ |
| August 16, 1971 | Repealed | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ |
| November 10, 1978 | ↓ | ↓ | Repealed 9/ | ↓ | ↓ | 8 percent 9/ 10/ | 10¢ per pound 9/ | 10¢ per pound 9/ | 5¢ 9/ | ↓ |
| January 1, 1981 | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | 9.75¢ per pound 9/ 11/ | ↓ | ↓ | ↓ |
| January 7, 1983 | ↓ | ↓ | ↓ | 10 percent 12/ | 10 percent 5/ 12/ | Repealed | ↓ | ↓ | ↓ | ↓ |
| April 1, 1983 | ↓ | ↓ | ↓ | 12 percent 12/ | 12 percent 5/ 12/ | ↓ | ↓ | ↓ | ↓ | ↓ |
| January 1, 1984 | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | 15¢ per pound over 40 to 70 pounds; \$4.50 plus 30¢ per pound over 70 to 90 pounds; \$10.50 plus 50¢ per pound over 90 pounds 9/ | Repealed | Repealed | ↓ |
| July 1, 1984 | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | Annual tax on motor vehicles: 55,000 TO 75,000 pounds gross weight, \$100 plus \$22 per 1,000 pounds over 55,000 pounds; over 75,000 pounds, \$550 13/ |
| Scheduled change under existing laws | ↓ | ↓ | ↓ | Termination Oct. 1, 2005 | Termination Oct. 1, 2005 | ↓ | Termination Oct. 1, 2005 | ↓ | ↓ | Termination Oct. 1, 2005 |

1/ The focus of this table is on the Federal taxes on motor vehicles and related products used on highways. The detail provided for other uses is incomplete. Most of the revenue raised by the taxes described is dedicated to the Federal Highway Trust Fund for the financing of highway and transit programs.

2/ Percent of manufacturer's sales price through March 31, 1983; percent of retailer's sales price thereafter.

3/ Percent of manufacturer's sales price to February 26, 1926; re-enacted effective June 21, 1932, on a cents-per-pound basis, but applicable to all tires and tubes, not limited to those for automotive vehicles. Tires and tubes for toys exempted effective November 1, 1951. The additional 3 cents per pound, effective July 1, 1956, and 2 cents per pound, effective July 1, 1961, apply to tires for highway vehicles only. Laminated tires are taxed 1 cent per pound effective July 1, 1965. Effective January 1, 1984, tires of 40 pounds or less are exempt.

4/ Applies to tires "of the type used on highway vehicles."

5/ The following are exempt from the stated taxes: effective November 1, 1951, house trailers; effective June 22, 1965, school buses, camper bodies, motor homes, truck and trailer bodies designed for seed, feed, and fertilizer, small three-wheeled vehicles; effective September 23, 1971, trucks, buses, and trailers 10,000 pounds or less gross weight; and, effective December 11, 1971, local transit buses in urban use and trash container bodies for trucks.

6/ The tax applies to the entire gross weight of a vehicle or combination if its gross weight exceeds 26,000 pounds. Buses used in local transit service are exempt.

7/ Although the "basic" tax on automobiles was 7 percent of the manufacturer's wholesale price until January 1, 1966, the 10-percent

rate that became effective on a temporary basis November 1, 1951 remained in effect through periodic extensions.

8/ Automobile parts and accessories are exempt from stated taxes.

9/ Taxes paid on buses purchased after April 19, 1977 are refunded. Effective December 1, 1978, bus parts and accessories are exempt and school buses along with intercity and local buses used to transport the general public for compensation on scheduled routes (or 20 or more passenger buses on nonscheduled routes) are exempt from the stated taxes for tires, tubes, and tread rubber.

10/ Although the "basic" tax is 5 percent of the manufacturer's wholesale price, the 8-percent rate that became effective on a temporary basis November 1, 1951, remained in effect through periodic extensions until the tax was repealed.

11/ The tax on nonhighway tires is 4.875 cents per pound except laminated tires are taxed at 1 cent per pound.

12/ Trucks 33,000 pounds or less gross vehicle weight, trailers 26,000 pounds or less gross vehicle weight and rail/highway trailers are exempt from stated taxes. Effective July 18, 1984, piggyback trailers are taxed at 6 percent through July 17, 1985.

13/ The effective date for the rate change for small owner-operator with 5 or fewer taxable trucks is July 1, 1985. Rate is reduced by 25 percent for logging trucks. Trucks used less than 5,000 miles (farm trucks 7,500 miles) per taxable year on public highways and trucks with gross weights under 55,000 pounds are exempt. Effective July 1, 1987, trucks based for registration purposes in Canada or Mexico shall be taxed at 75 percent of the rate before they can operate in the United States. Previously these vehicles were exempt.