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Motor Vehicle Taxes and Fees

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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Motor Vehicle Taxes and Fees

Reference Number: CTAS-221

Motor Vehicle Title and Registration Taxes

Reference Number: CTAS-1632

Authority. T.C.A., Title 55, Chapters 1 through 6.

Description. Before operating any motor vehicle upon the streets or highways of this state, the vehicle must be registered (subject to certain exceptions). The registration fee is a privilege tax upon operation. It is administered by the Commissioner of Revenue and collected by the county clerk of the county of the owner's residence or the county wherein the vehicle is based or to be operated. A nonresident may apply directly to the Department of Revenue for registration. T.C.A. §§ 55-4-101(c), 55-6-105. Terms used in administering titles and registrations are defined in T.C.A. §§ 55-1-101 through 55-1-126.

Distribution. These state registration fees and taxes are retained by the state, with ninety-eight percent (98%) going to the state highway fund and two percent (2%) going to the state general fund. Notwithstanding this section or any other law to the contrary, the proceeds derived under chapter 4 of this title from the increases in fees imposed by chapter 181 of the Public Acts of 2017 shall be distributed solely to the highway fund. T.C.A. § 55-6-107.

Additional Fees. Beginning January 1, 2024, an additional registration fee must be paid for all-electric vehicles, hybrid electric vehicles, and plug-in hybrid electric vehicles. The fees are set forth in T.C.A. § 55-4-116. Revenue from these additional fees will be distributed as follows:

- (1) Sixty-three and four-tenths percent (63.4%) to the state highway fund;
- (2) Eleven and eight-tenths percent (11.8%) to municipalities, as defined in § 54-4-201, on the basis set out in § 54-4-203;
- (3) Twenty-two percent (22%) to counties on the basis set out in § 54-4-103; and
- (4) Two and eight-tenths percent (2.8%) to the general fund.

Mobile Home Registration Fee

Reference Number: CTAS-1633

Authority. T.C.A. § 55-4-111.

Description. The county clerk collects a mobile home registration fee. The amount of the fee varies according to the length and width of the mobile home. T.C.A. § 55-4-111.

Distribution. The fees are distributed as follows:

1. The first \$1 to fund police pay supplement fund. T.C.A. § 55-4-111.
2. Five percent (5%) of remaining revenue to the state
3. 95 percent of remaining revenue to the county and city
 - a. One half (1/2) of which is distributed in the same manner as the property tax for school purposes.
 - b. One half (1/2) of which goes to the county or city general fund (depending on the location of the mobile home), or as such county and city by contract provide. T.C.A. § 55-6-107.

County Motor Vehicle Privilege Tax (Wheel Tax)

Reference Number: CTAS-1634

Authority. T.C.A. § 5-8-102.

Description. Counties may levy a privilege tax on motor vehicles, commonly called a wheel tax. The tax may be levied by one of the following methods: (1) by passage of a resolution by a two-thirds vote of the county legislative body at two consecutive regular county legislative body meetings; (2) by passage of a resolution by the county legislative body by a regular majority with approval by referendum provided for in the resolution; and (3) by private act. Notwithstanding a population classification exception, the two-thirds majority resolution method is subject to a referendum if a petition signed by a number of registered voters equal to 10 percent of the number of voters in the last gubernatorial election is filed with the county election commission within 30 days of passage. T.C.A. § 5-8-102(c).

Distribution. Distribution of these tax revenues may be for any county purpose specified in the private act

or resolution levying the tax.

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