



BMV NEWS

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BMV Announces Excise Tax Refund

Governor Authorizes Independent Audit of BMV Processes

Indianapolis, IN – Don Snemis, Commissioner of the Indiana Bureau of Motor Vehicles (BMV) announced today that the BMV has determined that some customers are entitled to excise tax refunds. The BMV will work with the Indiana Department of Revenue to issue those refunds.

“The BMV has determined that some Hoosier’s vehicles were misclassified for excise tax purposes. As a result, those customers overpaid excise taxes when registering their vehicles. These misclassifications stretch back to 2004 when the BMV’s System Tracking and Record Support (STARS) computer system was implemented on a limited basis,” said Snemis. The STARS system was fully implemented in 2006.

Under Indiana law, vehicles are placed in a tax classification based on value. This value is determined by using the price of the vehicle and applying an adjustment factor based upon Consumer Price Index data related to increases in new automobile prices. This data is entered into the BMV’s STARS system in order to automatically calculate excise taxes when vehicles are registered. In some circumstances, the STARS system did not apply the adjustment factor, which caused some vehicles to be misclassified.

Snemis continued by saying “all previously misclassified vehicles will be reclassified using the proper data. Anyone who overpaid will be notified by mail and provided a pre-printed claim form, per Indiana law, to obtain a refund with interest. Hoosiers affected by this miscalculation can expect to receive a letter within about 30 days,” said Snemis.

The BMV has issued about 60 million registrations and collected about \$3.4 billion in excise taxes since 2006. While final data is not yet available, it is believed that about 180,000 individuals were affected by this miscalculation, and the total refund is about \$29 million plus interest.

The BMV distributes excise taxes to county and local governments on a regular basis. To mitigate the impact to local governments, the state will cover the upfront cost of refunds to taxpayers and will recoup the overpayment by adjusting distributions to local governments over the next two years. Additionally, the state will cover all interest payments.

Governor Mike Pence authorized BMV Commissioner Don Snemis to hire an independent consulting firm to audit the BMV’s processes, procedures and STARS system.

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