

## DETERMINING AD VALOREM FEE LEVEL

[MCL 257.801(1)(p)]

The law which establishes ad valorem fees also provides an original fee level and three levels of depreciation which are used as the vehicle ages. Normally, the "0" level is used for new or current model year vehicles. The "1" level is used for one-year-old vehicles. The "2" level is used for two-year-old vehicles, and the "3" level is used for three-year-old vehicles. Once the license plate fee reaches the "3" level, it no longer changes as the vehicle continues to age.

There is one important variation in determining the plate fee level. If a vehicle owner transfers their license plate to a vehicle at the time of purchase, then only the \$10 transfer fee is collected. When the vehicle owner renews the license plate at a later date, they pay the fee level that would have been due on the date the plate was transferred. Thus, the level of depreciation may be delayed.

**For a vehicle purchased as new, fees must be paid at the "0" level before fees are collected at the "1" level, and must progress to the "3" level.** A transfer of vehicle ownership breaks this formula. (See used vehicle fee levels on the next page.) The Department's computer always keeps track of the next level due.

Examples of fee levels for new vehicles:

- 1) An owner purchases a new 2026 model in November 2025. Her birthday is in June, so the plate is issued for 8 months at the "0" level. When she renews in June 2026, she pays the "1" level fee. However, if she sells the car in December 2025, the new owner pays the "0" level.
- 2) An owner buys a new 2025 model in December 2025. His birthday is in April, so the plate is issued for 17 months at the "0" level. When he renews in April 2027, the owner pays the "1" level, not the "2" level.
- 3) An owner purchases a new 2025 model in early 2026. He transfers a plate expiring 02-12-2027. When the plate is renewed in 2027, the "0" level fee is paid even though the vehicle is already two model years old. (The owner never paid the "0" or "1" level fees on the new vehicle.)

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**DETERMINING AD VALOREM FEE LEVEL (cont.)**

[MCL 257.801(1)(p)]

Used Vehicles and Vehicles from Out-of-State

[MCL 257.801(1)(p)(iv)]

When ownership is transferred or when a passenger vehicle is brought to Michigan from another state, CARS determines the MSRP fee level by subtracting the model year from the calendar year.

Examples: 2025 calendar year – 2023 model year = 2 level

2024 calendar year – 2018 model year = 6 (3 level)

If the model year is newer than the calendar year, the fee level is level “0”.

Chart for Used Vehicles and Vehicles from Out-of-State:

**1984 - 2022 Used Models**

Sold in 2025 or later = 3 level

**2023 Used Models**

Sold in 2025 = 2 level

Sold in 2026 or later = 3 level

**2024 Used Models**

Sold in 2025 = 1 level

Sold in 2026 = 2 level

Sold in 2027 or later = 3 level

**2025 Used Models**

Sold in 2025 = 0 level

Sold in 2026 = 1 level

Sold in 2027 = 2 level

Sold in 2028 or later = 3 level

For renewals, the Department’s computer always keeps track of the next level due. The ad valorem fee at the proper level is printed on the TR-3 registration renewal form.

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