Briefing Paper

Vehicle Registration

Overview and Issues

Abstract

Vehicle registration fees are a key funding source for Utah's state transportation systems, including building new roads and ongoing maintenance on existing state roads. In recent years, two issues related to out-of-state registration have become prevalent, including Utah residents registering their vehicles, particularly luxury vehicles, in Montana to avoid sales tax, and registering commercial trailers in Idaho for administrative convenience and lower registration fees.

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Key Findings

- Fees collected at the time of registration are comprised of three primary parts: 1) a state vehicle registration fee; 2) a property tax component; and 3) other fees and taxes.
- Vehicle registration serves multiple important purposes, including funding for state transportation systems.
- Utah citizens registering their vehicles out-of-state, including in Montana to avoid sales tax and in Idaho for less expensive and more convenient trailer registration, has a negative effect on Utah's transportation systems.
- The Legislature could consider policy options to address out-of-state registration, including a constitutional amendment to remove the requirement for property tax on certain vehicles to compete with Idaho's lower registration costs.

Introduction

Vehicle registration serves multiple important purposes for the state, including vehicle identification for law enforcement, regulation of other laws, including emissions testing, and record keeping related to titles, liens, and ownership. One key purpose of vehicle registration is to be an integral source of transportation funding. Registration fees function as a user fee for residents, which helps pay for Utah roads.

The Utah Constitution requires that vehicle registration fees be used for specific transportation purposes, ensuring that they help pay for the state's transportation system. Article XIII, Section 5, Subsection (6) enumerates several allowable expenses for "proceeds from fees, taxes, and other charges related to the operation of motor vehicles on public highway," including:

- Costs of collection and administration
- Construction, maintenance, and repair of state and local roads
- Driver education
- Enforcement of state motor vehicle and traffic laws
- Payments for transportation-related bonds and debt obligations[1]

While some funds are retained by the Tax Commission's Motor Vehicle Division (DMV) for its operations, the majority of state registration fees go to the Transportation Fund. Vehicle registration fees make up about 12 percent of the Transportation Fund, reflecting approximately $104 million in Fiscal Year 2026.[2] The largest source of funding for the Transportation Fund is gas tax revenues, which make up about 75 percent of the Transportation Fund's revenue at approximately $668 million in FY2026.[3]

Additionally, the Utah Constitution requires property tax on tangible personal property. Article XIII, Section 2, Subsection (6) states that the Legislature has the authority to exempt motor vehicles, boats, and other vehicles required to be registered from property tax and instead establish a statewide uniform fee or tax.[4]

Vehicle Registration Fees and Taxes

Utah's vehicle registration fees and taxes consist of three primary components, which are all paid at the time of registration to the DMV. While colloquially called "vehicle registration", the 1) **registration fee** is only one part of the total fees and taxes due, which also include 2) **property tax**, and 3) **other fees**.

Vehicles in Utah are primarily registered on an annual basis. A six-month registration option is available for passenger cars and motorcycles, but it is infrequently used.[5] As of January 1, 2026, certain vehicles that are not subject to emissions inspections, which include trailers, off-highway vehicles, and electric vehicles, can register for a two-year period.[6]

Additionally, non-commercial trailers under 750 pounds are exempt from registration. Permanent registration is also available for certain trailers:

- Intrastate commercial trailers can be permanently registered for a $130 lifetime registration fee and a $150 lifetime uniform fee in lieu of ad valorem property tax (See Page 10).
- Non-commercial trailers greater than 750 pounds can be permanently registered for a registration fee four times the amount of the annual registration fee (currently $42), in addition to four times the amount of the uniform fee in lieu of ad valorem property tax (corresponding age-based fee for the age of the vehicle).

Registration fee

The registration fee is an amount set in statute by vehicle type (e.g., motorcycle, passenger car). Most fees are indexed to inflation (Consumer Price Index) and adjusted annually by the Tax Commission on January 1.[7] Due to this annual adjustment, the fee amount assessed by the Tax Commission does not match the fee amount listed in statute, which is not updated annually.

Figure 1 below shows the statutory fee amount for a 12-month registration compared to the adjusted registration fee amount by vehicle type as of July 1, 2026.[8]

Figure 1: Selected[9] Utah Registration Fees by Vehicle Type, Statutory Rates vs. Calendar Year 2026 Adjusted Rates

Vehicle Type	Statutory fee	Adjusted fee (2026)
Passenger vehicle with a GCWR[10] of 14,000 pounds or less	$44	$58.25
Alternative fuel fee *These fees are in addition to the registration fee above.*	Electric[11] and Other[12]: $180 Hybrid Electric: $21.75 Plug-in Hybrid: $56.50	Electric and Other: $180 Hybrid Electric: $25 Plug-in Hybrid: $64
Motorcycle	$46	$61.50
Vintage vehicle[13]	1983 or newer: $45.50 1982 or older: $40 initial; exempt from renewal	1983 or newer: $60.25 1982 or older: $53.25 initial; exempt from renewal
ATV	$35 (statutory cap)	$35
Street legal ATV and	$72 (statutory cap)	$72

Street legal off-highway motorcycle		
Snowmobile	$26 (statutory cap)	$26
Trailer over 750 pounds Commercial trailer 750 pounds or less Intrastate commercial trailer (not a travel trailer)	$31 $28.50 $130 (lifetime)	$42 $38 $171.50
Roadable aircraft	$28.50	$29.50
Camper	$0 (subject to county property tax)	$0
Park model recreational vehicle Motor vehicle over 14,000 pounds	$69.50, plus $19 for every 2,000 pounds over 16,000 GCVW	$92, plus $19 for every 2,000 pounds over 16,000 GCVW

Source: Utah State Tax Commission and Utah Code 41-1a-1206

2023 General Session H.B. 301, *Transportation Tax Amendments,* modified the gas tax and added an additional $7 registration fee to most vehicles. This fee was added to statute as a separate $7 fee, rather than increasing the base registration fees by vehicle type by $7 each. This registration fee is also indexed for inflation. The adjusted amount is $7.50 for 2026.

Uniform fee in lieu of property tax

Utah assesses a uniform fee in lieu of property tax on vehicles registered in the state to meet the state's constitutional requirement for property tax on tangible personal property. This tax is collected by the Tax Commission at the time of registration and remitted to local taxing authorities.

For most vehicles, this fee is assessed as an age-based fee, where age is a proxy for a vehicle's value. However, there are some vehicles where this fee is assessed as a value-based fee at 1.5 percent of the fair market value of the vehicle as shown in **Figure 2**.

Figure 2: Utah Vehicles Assessed an Age-based vs. Value-based Uniform Fee in Lieu of Property Tax

Age-based fee	Value-based fee (1.5 percent Fair Market Value)
• Passenger vehicles, including cars, light trucks, and vans • Off-highway vehicles • Motorcycles • Vessels under 31 feet in length • Travel trailers, tent trailers, and campers • Non-commercial trailers • Personal watercraft • Park model recreational vehicles	• Medium and heavy-duty trucks (more than 14,001 pounds) • Commercial trailers • Vessels 31 feet and longer

Source: Utah Code Title 59, Chapter 2, Part 4

For vehicles assessed an age-based fee, each vehicle type has an age-based fee schedule in statute. For example, the passenger vehicle fees are below in **Figure 3**.

Figure 3: Uniform Statewide Fee for Passenger Cars, Light Trucks, Sport Utility Vehicles, and Vans

Model Year	Uniform Statewide Age-based Fee
2024-2026 (Less than 3 years old)	$150
2021-2023 (3-6 years old)	$110
2018-2020 (6-9 years old)	$80
2015-2017 (9-12 years old)	$50
2014 & Older (12+ years old)	$10

Source: Utah Code 59-2-405.1

Other fees and taxes

There are a variety of small fees assessed at the time of registration. Some fees are authorized in statute, either as a fixed amount or subject to a statutory cap. Some fees are levied by the state and others at the local government level.

Additionally, not all fees apply to all vehicle types. For example, the Brain and Spinal Cord Injury fee is only imposed on motorcycles and off-highway vehicles. As shown in **Figure 4**, these fees often fund a specific program or service.

Figure 4: Distribution and Fee Amount of Various Registration Fees and Taxes

Fee	State or local	Fee amount	Distribution
Air Pollution Control (APC) fee	Local	Up to $3.00[14] (statutory cap)	Local health departments to fund the county emissions inspection programs
Corridor preservation fee[15]	Local	Up to $10 (statutory cap)	County for corridor preservation
Electronic payment fee	State	$3.00	DMV – Electronic Payment Fee Restricted Account
Spinal cord injury	State	$1.00 for OHVs and $0.50 for motorcycles	Brain and Spinal Cord Injury Fund
Driver's education	State	$2.50	Uniform School Fund
Search and rescue	State	$0.50	Search and Rescue Financial Assistance Program
Uninsured motorist identification fee	State	$1.00	DPS – Uninsured Motorist Identification Restricted Account
License plate, title, and other DMV service fees	State	Varied	DMV, except special group license plate sponsoring entity contributions

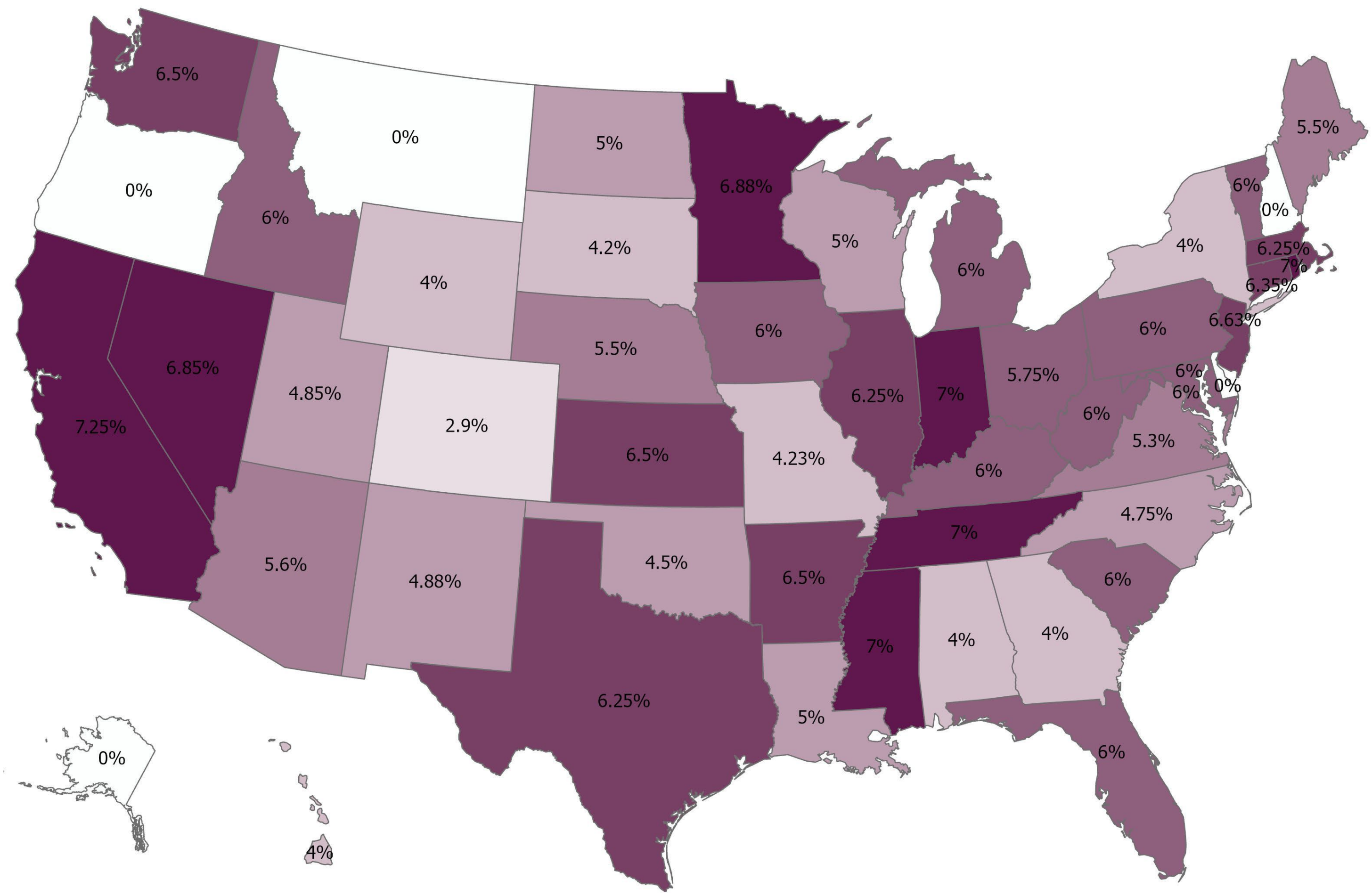
Source: Utah Code

Issues

"The Montana Loophole"

A recurring vehicle registration issue in recent years has been out-of-state vehicle registrations to avoid taxes.[16] As shown in **Figure 5**, Montana is one of five states that does not have a statewide sales tax (along with Alaska, Delaware, New Hampshire, and Oregon).

Figure 5: State Sales Tax Rates, 2026[17]



Source: Data - Tax Foundation; Map - OLRGC

Utah residents who purchase a vehicle and do not pay sales tax at the time of purchase are required to pay **use tax** upon registration. Use tax is a tax imposed on an item when sales tax was not collected at the time of purchase and is the buyer's responsibility.

To avoid this, individuals will commonly purchase and subsequently register a vehicle in another state, such as Montana, even though their primary residence is Utah; this is especially common with more expensive vehicles, including luxury cars, RVs, and boats. Another way individuals avoid sales tax is to purchase a vehicle from a

Utah dealership and claim that they reside in Montana and intend to register the vehicle there, resulting in the dealer not collecting Utah sales tax at the time of the sale.

Additionally, there are many private companies that will help an individual form a business such as a limited liability corporation (LLC) in Montana to avoid sales tax associated with vehicle purchases and registration.[18] While registering a vehicle in an individual owner's name in another state is illegal, creating an LLC and registering vehicles under the business name is not illegal and has become a common loophole. In addition to sales tax and possible registration fee benefits, registering a vehicle in Montana allows vehicle owners to avoid emissions and safety inspections.

Current law

Upon establishing Utah residency, individuals are required to register their vehicle in the state within 60 days.[19] Per Utah Code Section 41-1a-202(1)(c), as it relates to vehicle registration, the definition of "resident" is an individual who:

- Establishes domicile in the state
- Remains in the state for an aggregate period of more than six months in a calendar year
- Works in the state on a non-seasonal basis and does not commute into the state; or
- Claims Utah residency to obtain a driver license, register a vehicle, or benefits only available to residents, such as placing children in school without paying non-resident tuition and fees.

> *"Domicile" means a place where an individual has a fixed permanent home and principal establishment, to which the individual intends to return and where the individual and their family voluntarily reside, not for a special or temporary purpose, but with the intention of making a permanent home.*

There are residency exceptions for military members, out-of-state college students, and missionaries. There are also residency requirements for businesses to determine if their vehicles should be treated as residents. Per Utah Code Section 41-1a-202(1)(c)(i)(B), a "resident" is an individual, partnership, LLC, firm, corporation, association, or other entity that:

- maintains a main office, branch office, or warehouse facility in this state and that bases and operates a motor vehicle in this state; or
- operates a motor vehicle in intrastate transportation for non-seasonal work.

The residency requirements for an LLC or other entity are a different threshold than the requirements for an individual. For example, if a Montana LLC has a warehouse in Utah and keeps a fleet of vehicles in the state, the LLC is treated as a Utah resident for vehicle registration purposes.

As vehicle registration fees are an integral source of transportation funding, Utah residents registering their vehicles in the state is critical for paying for state and local transportation infrastructure.

Legislative action

2025 General Session S.B. 52, *Vehicle Registration Modifications,* authorized the Tax Commission to contract with Insure-Rite to compare insurance and registration records to determine compliance with Utah's registration and tax laws. The bill also created a $150 penalty for individuals found in violation of the law and provided 60 days for the owner to come into compliance. If the owner fails to come into compliance within 60 days, the Tax Commission can impose a penalty equal to the greater of:

- $500; or
- an escalating penalty structure as shown in **Figure 6**. [20]

Figure 6: Tax Commission Penalty Structure for Underpayment of Taxes

Cause of underpayment	Penalty (percentage of the underpayment)
Negligence	10 percent
Intentional disregard of law	15 percent
Intent to evade	50 percent
Fraud with intent to evade	100 percent

Source: Utah Code 59-1-401(7)

July 2026 data from the Tax Commission shows that in the previous six months of enforcement, 1,609 vehicles were identified with Utah insurance and out-of-state registrations. Of these vehicles:

- 42 are registered in Alaska, one is registered in New Hampshire, 1,428 (88.8%) are registered in Montana, and 136 are registered in Oregon[21]
- There are approximately 5 boats, 45 chassis, 66 medium duty commercial trucks or vans, 21 heavy duty commercial trucks, 62 motorcycles, 4 trailers, 3 passenger buses, 6 ATVs, and 2 autocycles
- 1,393 are passenger cars and pickup trucks, with approximately 250 Ford pick-up trucks and more than 120 ultra-luxury vehicles including 17 Lamborghinis, 10 Ferraris, and 65 Porsches
- The five most common vehicles were: Ford F-150 (98), Ford F-350 Super Duty (80), Porsche 911 (38), Tesla Model Y (31), and GMC Sierra 1500 (31)

The Tax Commission reported that as of June 26, 2026, it had issued 1,494 notices. 558 individuals responded to those notices, paying a total of $1.6 million in sales tax and $32,540 in penalties.

If the Legislature is interested in additional measures to address this issue, policy considerations include:

- Exploring Utah's current "residency" definition
- Addressing individuals who own a vehicle through an out-of-state entity but operate the vehicle in Utah
- Exploring longer registration periods including permanent registration
- Analyzing the penalties for tax and registration compliance
- Increasing resources for enforcement
- Engaging with surrounding state legislatures to address loopholes

Commercial trailers and out-of-state registrations

A second recurring vehicle registration issue in recent years has been a significant number of out-of-state registrations of commercial trailers, particularly in Idaho. For purposes of this brief, references to trailers do not include the power unit (truck). Power units are governed separately through apportioned registration requirements under the International Registration Plan (IRP).[22]

Many of these trailers are primarily operated in Utah but are registered in another state due to lower costs and reduced administrative requirements. This is partly due to Utah's constitutional requirement for property tax on tangible personal property, meaning that trailers registered in Utah are subject to annual registration and property tax.

By contrast, other states, including Idaho, do not assess property tax on vehicles, and allow a one-time permanent or lifetime registration. In Utah, even if an individual participates in lifetime trailer registration, they still need to interact with the DMV or a local government annually for property tax purposes. *(2025's H.B. 166 is the exception to this for intrastate commercial trailers only – see below).*

While this issue is not endemic to Idaho, due to its proximity as a bordering state, trailers operated in Utah are commonly registered in Idaho to save on cost and for convenience. For commercial entities, registering trailers in Idaho may make financial and administrative sense. However, trailers that are registered outside the state but operate on Utah's roads may not contribute proportionally to the state's transportation funding system, despite benefitting from Utah's transportation infrastructure.

States' vehicle registration structures vary widely, including whether they assess property tax on vehicles and if it is assessed at the state or county level. While Utah primarily uses an age-based fee as a proxy for vehicle value, many other states, including neighboring states Arizona, Wyoming, Nevada, and Colorado, use a value-based fee structure. Some states assess an excise tax upon titling a vehicle, meaning that an individual pays property tax once as opposed to annually. In some states, the registration fee itself is based on weight or age of the vehicle.

Legislative action

In the 2025 General Session, the Legislature passed H.B. 166, *Trailer Registration and Uniform Fee Amendments*, which allows certain trailer owners to pay a lifetime uniform fee. For an intrastate commercial trailer that is not a travel trailer, the owner may elect to pay a $150 one-time fee in lieu of ad valorem property tax that remains in effect for as long as the trailer is owned by that registrant. This is in addition to Utah's existing law, which allows trailers to register for a lifetime registration fee of $130.

Comparatively, Idaho, which does not assess property tax on vehicle registration, charges $99 for lifetime trailer registration.[23] While H.B. 166 does not make Utah competitive with Idaho in terms of cost ($280 versus $99), it does reduce the administrative burden of registration for a subset of individuals.

In the 2026 General Session, the Legislature passed S.B. 190, *Trailer Registration Amendments*, which will take effect on January 1, 2027. The bill allows lifetime registration for non-commercial trailers as long as they are titled to the same owner. The owner must pay four times the annual taxes and fees, including the statewide uniform fee in lieu of ad valorem property tax, and receive a non-expiring license plate decal. The bill also established a $500 penalty for a person who fraudulently claims their trailer is an intrastate commercial trailer.

The Legislature could continue to modify Utah's trailer registration laws. Policy considerations for possible future legislative action include:

- Exploring where commercial trailers should be registered - the location where they primarily operate or where the owner is located
- Considering a constitutional amendment to remove the requirement for property tax on trailers

- Studying apportionment on trailers, similar to the IRP system for trucks, where trailers pay a percentage per jurisdiction they operate in

Conclusion

Vehicle registration fees are a key component of funding Utah's transportation system. In addition, the uniform fee in lieu of ad valorem property tax paid as part of every vehicle registration funds local governments and school districts.

In recent years, the Legislature has emphasized the importance of registration compliance and passed multiple pieces of legislation aimed at capturing revenue from users of Utah's roads who may not be paying their share. Utah residents who register their vehicles in another state for the lower cost or convenience impact Utah's roads, bridges, and public schools.

In addition to state and local funding concerns, out-of-state vehicle registrations undermine tax compliance. This creates tax equity concerns and reduces the accuracy of the state's data on Utah's fleet, which informs transportation planning and infrastructure decisions.

Endnotes

[1] Utah Constitution, Article XIII, § 5, Subsection (6), https://le.utah.gov/xcode/ArticleXIII/Article_XIII,_Section_5.html.
[2]Legislative Fiscal Analyst, 2025 presentation to the Transportation and Infrastructure Appropriations Subcommittee, "UDOT Budget Overview", June 17, 2025, https://le.utah.gov/interim/2025/pdf/00002714.pdf
[3] Ibid.
[4] Utah Constitution, Article XIII, Section 2, Subsection (6), https://le.utah.gov/xcode/ArticleXIII/Article_XIII,_Section_2.html.
[5] The DMV reports that there are 315 six-month registrations as of August 2026, out of more than 3.4 million total registrations in the state.
[6] H.B 514 (2025) https://le.utah.gov/Session/2025/bills/static/HB0514.html
[7] The majority of registration fees are indexed and adjusted annually by the Tax Commission per Utah Code 41-1a-1206(3)(b). However, some fees are not adjusted including off-highway vehicles, snowmobiles, boats, street-legal all-terrain vehicles, and the extra weight fee per 2,000 pounds of weight over 16,000 pounds on farm trucks, heavy vehicles, and park model recreational vehicles.
[8] Several bills from the 2026 General Session will modify these fees, including H.B. 22 which will change vintage vehicle registration on October 1, 2026 and S.B. 91 which will increase registration fees by $0.50 on January 1, 2027.
[9] This document does not include an exhaustive list of all vehicles required to be registered, including watercraft and farm trucks.
[10] "Gross Combined Weight Rating" means the sum of gross vehicle weight rating (GVWR) of a vehicle and the weight of any trailer attached to the vehicle and fully loaded.
[11] "Electric" includes all electric motor vehicles and commercial electric vehicles with a GCWR of 6,001 pounds or more.
[12] "Other" is a fuel other than gasoline, diesel, flex fuel, natural gas, electric, hybrid, plug-in hybrid, or propane.
[13] H.B. 22 in the 2026 General Session modified vintage vehicle registration fees and will take effect on October 1, 2026. Under the new structure, vehicles older than model year 1982 will be considered "classic cars" and will pay a one-time registration fee of $40 (adjusted to $53.25 in 2026) and be exempt from renewal fees. Vehicles with a model year of 1983 and newer will be treated as regular passenger cars and pay the standard registration fee.
[14] Only in the five emissions counties. Cache, Davis, and Salt Lake County assess a $3.00 fee. Utah and Weber Counties assess a $2.00 fee.
[15] Imposed in Box Elder, Davis, Iron, Morgan, Salt Lake, Summit, Tooele, Utah, Wasatch, Washington, and Weber Counties.
[16] Many news articles on this topic over the past two years, including national https://news.bloombergtax.com/daily-tax-report/utah-takes-montana-license-plate-fight-to-80-000-vehicle-owners and local publications https://www.kuer.org/politics-government/2026-07-28/utah-is-cracking-down-on-scofflaws-using-the-montana-car-registration-loophole.
[17] Utah's state sales tax rate is 4.85 percent. However, there are two additional sales taxes that are charged uniformly across the state: a 1.00 percent local sales tax and a 0.25 percent county option sales tax. These three taxes result in a combined sales tax rate of 6.1 percent. Additionally, local governments also impose a variety of local option sales taxes, authorized by the Legislature, including transportation, tourism, and zoo, arts, and parks taxes.
[18] All Day $49 Montana is one such company, which advertises that they will help you form an LLC, title and register your vehicle, all to avoid paying sales tax for $1,049. Their website states they are "on the way to helping over 100,000 clients." https://www.49dollarmontanaregisteredagent.com/montana-vehicle-registration; Another company, Montana Tags, advertises that Montana LLC registration is legal in all 50 states https://montanatags.com/.
[19] Utah Code 41-4a-202(3)(a)
[20] This penalty structure, found in 59-1-401(7), was an already existing penalty structure and was not created by S.B. 52.
[21] One vehicle reported by the Tax Commission was reported as "unregistered".
[22] Created in the early 1970s, IRP is an international agreement between the 48 contiguous U.S states, the District of Columbia, and ten Canadian provinces to manage reciprocity of commercial vehicle registration. Vehicles are registered in their home jurisdiction and pay a percentage fee based on distance traveled in each jurisdiction. IRP facilitates the registration of commercial vehicles that operate across state and provincial borders, simplifying registration and

administrative burden for interstate commercial travel and distributing registration fees across jurisdictions. IRP, now an independent organization, manages registration for more than three million commercial vehicles.

[23] Idaho Code, Title 49, Chapter 4, Section 436, Subsection (6) https://legislature.idaho.gov/statutesrules/idstat/title49/t49ch4/sect49-434/