

# MISSISSIPPI



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**STATE AUDITOR**

*A Review of Car Tag Prices Across  
Mississippi*

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## Executive Summary

According to a recent news report, taxes and fees required to legally operate a vehicle in Mississippi are the second-highest in the United States and often approach or exceed \$1,000 annually.<sup>1</sup> Purchasing a tag for a new or pre-owned vehicle includes paying a registration fee and the taxes required to legally operate the vehicle. With over 2.3 million light-duty vehicles, passenger cars, and pickup trucks registered in Mississippi, the price of car tags matters to many people in the state.<sup>2</sup>

While paying to tag a vehicle can be expensive, determining how much one costs can also be confusing, because vehicles are taxed at different rates depending on where its owner lives. For example, someone could pay twice as much as their friend who lives a few miles down the road to tag the same vehicle. The tag pricing structure is not transparent, and—especially for those who purchase pre-owned vehicles—budgeting to purchase one can be difficult. Analysts from the Office of the State Auditor have examined the cost of registering and tagging a vehicle across the state and present their conclusions in this report.

## Determining the Cost of a Car Tag in Mississippi

As in other states, all vehicles in Mississippi must be tagged. The rules for registering a vehicle vary based on the size and use of the vehicle, but most new or pre-owned personal vehicles must be registered in Mississippi within 30 business days of purchase or establishment of residency.<sup>3</sup> Failure to register within the 30 days results in late fees and penalties. In Mississippi, tagging a vehicle consists of paying:

- A standard Registration Fee (\$14 first time/\$12.75 renewals);<sup>4</sup>
- A standard Privilege Tax; (\$15);<sup>5</sup>
- The variable Ad Valorem (property) Taxes.<sup>6</sup>

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<sup>1</sup> See [article](#).

<sup>2</sup> See [resource](#).

<sup>3</sup> Sales/Use tax is collected at the time of registration if the vehicle was not purchased at a Mississippi dealership.

<sup>4</sup> See [resource](#).

<sup>5</sup> Miss. Code Ann. [§ 27-19-5](#)

<sup>6</sup> See note.<sup>2</sup>

## Figure 1

***Car Tag Price =  
Fees + (Assessed Value × Total Millage Rate) – Legislative Tag Credit***

***Fees = Registration Fee + Privilege Tax + Specialty Tag Fee (if applicable)***

***Assessed Value = True Value × 30%***

***Total Millage Rate =***

***County Tax + School District Tax + Municipal Tax (if applicable) + Special District Tax (if applicable)***

***Legislative Tag Credit = (Rate set by Department of Revenue) × Assessed Value***

### Assessed Value (True Value and Depreciation)

Vehicles are considered personal property, so buying or renewing a tag is like paying property tax on a vehicle. This “ad valorem” tax is paid as a percentage of a vehicle’s assessed value (not the purchase price). The assessed value is 30% of the true value determined by the Mississippi Department of Revenue (DOR). The DOR determines a vehicle’s true value by using a version of the Manufacturer’s Suggested Retail Price (MSRP) and its own depreciation schedule.<sup>7</sup> The depreciation is then subtracted from the vehicle’s original MSRP to determine true value. Figure 2 shows the rates of depreciation used to determine the true value of a vehicle based on its age.<sup>8</sup>

## Figure 2

Current Depreciation by Year of New Vehicle Purchase

2026	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
10%	23%	36%	50%	60%	70%	76%	83%	86%	90%	\$100

<sup>7</sup> See [resource](#).

<sup>8</sup> After 10 years, a vehicle’s true value is \$100.

### **Millage Rates**

A combination of tax rates, technically called “millage rates,” is then multiplied by a vehicle’s assessed value to generate the bulk of a car tag’s price.<sup>9</sup> While every car tag in Mississippi includes millage rates set by local counties and school districts, many Mississippians also pay millage to municipalities and/or special tax districts. Each county, school district, municipality, and special district can set its own millage rate to generate tax revenue from vehicles tagged within their borders.

The median millage rate is 119.3 for county residents and 153.4 for residents of municipalities. In some Mississippi counties, choosing between living in the city or the county can have a significant impact on the cost of a car tag. One example is in Coahoma County where the county millage rate is 102.27 (or 10.227%). However, a taxpayer in the city of Clarksdale, inside Coahoma County, will pay a millage rate of 226.28 (or 22.628%), more than double what taxpayers living in the county would pay. Conversely, residents of Puckett (Rankin County) will pay a millage rate of 97.52, the same as other residents of unincorporated Rankin County, because Puckett does not levy a millage rate. Figure 3 shows a map of the millage rates for counties, school districts, and municipalities across Mississippi.<sup>10</sup>

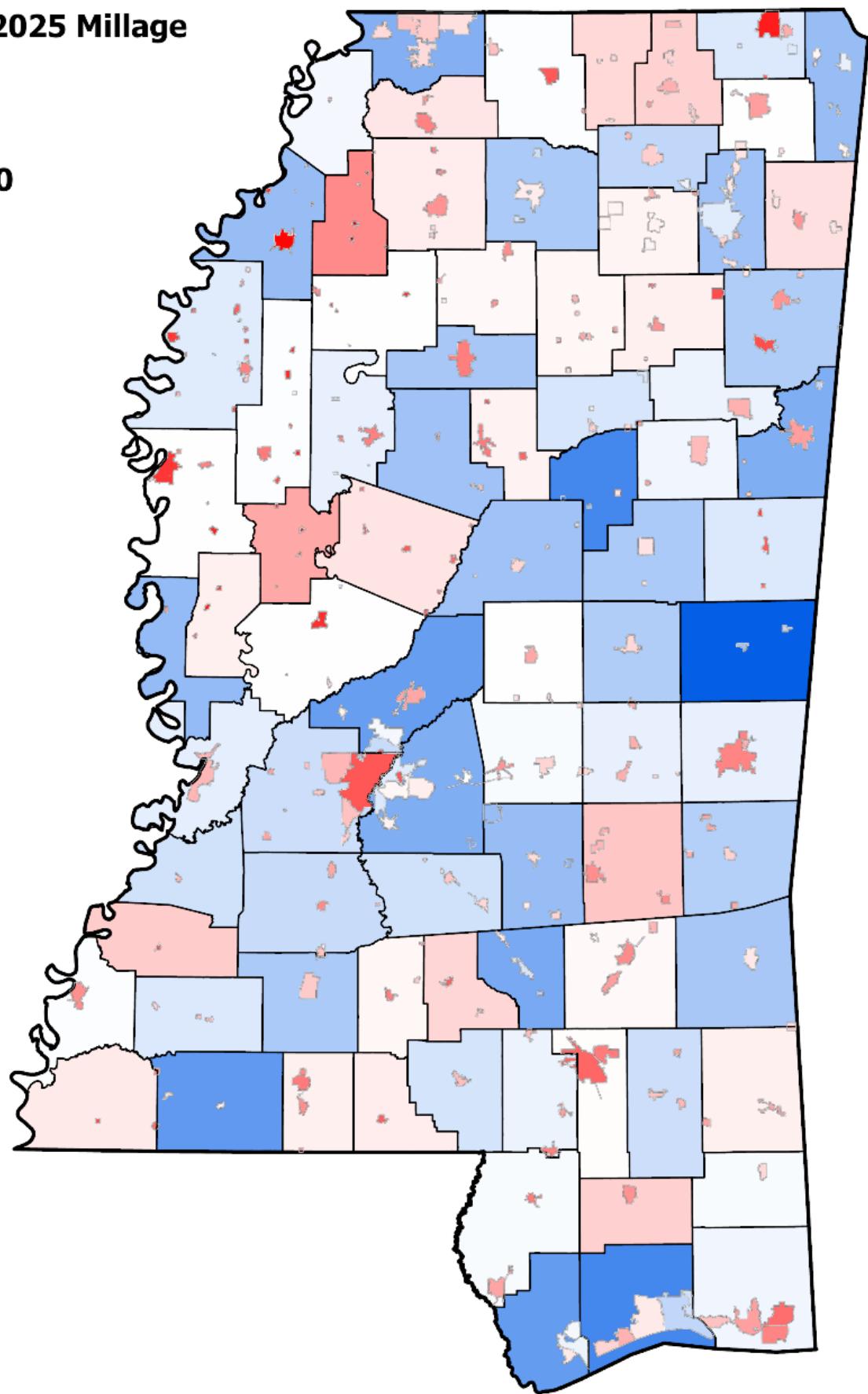
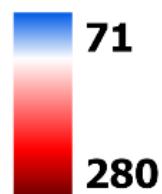
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<sup>9</sup> See [resource](#). One “mill” is equivalent to a .1% tax, so a millage rate of 124 is equivalent to a 12.4% tax.

<sup>10</sup> See [resource](#). If multiple school districts exist within a county, analysts used the average millage rate of those school districts. Municipalities with school districts exclude county school district millage rates.

**Figure 3**

**2024-2025 Millage**



## Exemptions and the Legislative Tag Credit

State law does provide some tax breaks for people purchasing or renewing their car tags. These include exemptions from ad valorem taxes for antique vehicles, any vehicle owned by a disabled veteran or Purple Heart recipient, and vehicles owned by state agencies, school districts, or units of the MS National Guard.<sup>11</sup>

In 1994 the Mississippi Legislature authorized a tax break for all registered vehicle owners.<sup>12</sup> Known as the Legislative Tag Credit, it remains in effect today. While originally set at 5% of a vehicle's assessed value, the Department of Revenue now calculates the amount of the credit each year based on sales tax revenue generated by motor vehicle sales and other factors.<sup>13</sup> In 2025, the Legislative Tag Credit was set at 6.5% of each vehicle's assessed value. This amount is credited to the person purchasing or renewing a car tag but transferred to the county by the DOR. Figure 4 shows the Legislative Tag Credit percentage from past years.<sup>14</sup>

<b>Figure 4</b>		
<b>Year</b>	<b>Rate</b>	<b>Example</b>
FY 2021	6.5%	\$526.50
FY 2022	8.75%	\$603.75
FY 2023	8.25%	\$470.25
FY 2024	7.25%	\$326.25
FY 2025	6.5%	\$234

## Where the Money Goes

The registration fee is split between the county and the DOR to cover the cost of issuing the tag and registration. Ad valorem taxes go to the county and municipal governments to fund operations, schools, law enforcement, fire protection, courts, etc. The state collects a privilege tax "as reasonable compensation for the use of the highways."<sup>15</sup> Fees paid to purchase specialty tags are usually paid to a combination of government offices and charities.<sup>16</sup>

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<sup>11</sup> Miss. Code Ann. [§ 27-51-41](#)

<sup>12</sup> Miss. Code Ann. [§ 27-51-103](#)

<sup>13</sup> See note.<sup>6</sup>

<sup>14</sup> Figure 4 uses a vehicle purchased new in 2021 with an MSRP of \$30,000. Assessed value is 30% of a vehicle's true value. Absent increased year-over-year funding from the Legislature, the value of the Legislative Tag Credit decreases as the vehicle's true value decreases.

<sup>15</sup> Miss. Code Ann. [§ 27-19-5](#)

<sup>16</sup> See note.<sup>12</sup>

## Car Tag Prices Are Hard for the Average Taxpayer to Predict

Analysts determined the average taxpayer has no easy way to forecast the cost of a car tag. While the price of a car tag is generated by a formula, some parts of the formula are unpublished or hard to find. For example, neither the amount of the Legislative Tag Credit—a significant rebate often worth half a car tag's total price—nor a state-certified depreciation schedule for vehicles is published online.

Currently, the Department of Revenue publishes the annual schedule of tax rates reported to it by county governments. However, analysts determined some counties do not report accurately or in a timely manner. The Mississippi Legislature should require counties to prominently publish accurate tax rates online to provide taxpayers with transparency into how the price of car tags is generated. Alternatively, the Legislature could authorize the Department of Revenue to withhold funding when counties do not report something as important as tax rates.

## Neighboring States

Like Mississippi, the bulk of a car tag's price in Alabama and Arkansas is determined by ad valorem taxes. While Mississippi uses a 30% assessment rate on MSRP, Alabama residents pay ad valorem taxes based on 15% of the vehicle's market value.<sup>17</sup> Arkansas residents pay 20%.<sup>18</sup> Louisiana residents pay a state and local sales tax at the time of purchase instead of annual ad valorem taxes.<sup>19</sup> In Tennessee, vehicle owners purchasing car tags pay a flat fee or "wheel tax" set by their county government.<sup>20</sup>

To illustrate how widely tag amounts can vary across the state, an analysis was conducted comparing amounts due by county on the same make and model of vehicle.

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<sup>17</sup> See [resource](#).

<sup>18</sup> See [resource](#).

<sup>19</sup> See [resource](#).

<sup>20</sup> See [resource](#).

## Case Study 1

An aunt received an inheritance and decided to purchase matching vehicles for her triplet nephews. She gave each a shiny new pickup truck in 2025. She told the boys they were responsible for their own vehicle tags. At a Christmas gathering, the three were confused after discussing how they each paid wildly different amounts to tag their shiny new trucks.

Nephew 1 lives on Covington Avenue in Lambert (Quitman County) and paid **\$2,956.21** to register his new truck. Nephew 2's tag cost him **\$1,224.02** based on his address on East Lawson Street in downtown Clinton (Hinds County). Nephew 3 only paid **\$298.60** for his tag because he lives on a farm in unincorporated Harrison County.<sup>21, 22</sup>

The boys' uncle lives in Duck Hill (Montgomery County) and was upset his wife did not gift him with a new truck. However, he was pleased to tell his nephews the tag on his pickup truck—purchased new in 2013—only cost **\$40.66** because the vehicle is fully depreciated.

<b>Figure 5</b>				
<b>Assessed Value</b>	<b>Total Tax (Millage) Rate</b>	<b>Fees</b>	<b>Legislative Tag Credit</b>	<b>Total Price</b>
Nephew 1's Tag				
\$13,500	28.183%	\$29.00	-\$877.50	\$2,956.21
Nephew 2's Tag				
\$13,500	15.352%	\$29.00	-\$877.50	\$1224.02
Nephew 3's Tag				
\$13,500	8.497%	\$29.00	-\$877.50	\$298.60
Uncle's Tag				
\$100	19.413%	\$27.75	-\$6.50	\$40.66

<sup>21</sup> Analysts used an MSRP of \$50,000. According to the DOR's depreciation schedule, the vehicle's true value is \$45,000. Assessed value is 30% of a vehicle's true value. Currently, the Legislative Tag Credit is worth 6.5% of a vehicle's assessed value.

<sup>22</sup> See [resource](#).

## Case Study 2

Three sisters come from a big family and all live near each other in Alcorn County. Sister 1 lives in Kossuth. Sister 2 lives in Corinth, and Sister 3 lives in Farmington. Each drives an identical SUV purchased new in 2020, so the only way to distinguish the vehicles is by identifying Sister 1's "Support Teachers" tag, Sister 2's personalized tag reading "IC0N1C," and Sister 3's standard Mississippi tag.<sup>23</sup> Despite all living within a 15-minute drive of each other, the amount they each paid for their car tags in 2025 varied.<sup>24</sup>

Two more sisters live in the Jackson Metropolitan area. They also drive the same kind of vehicle, luxury sedans purchased new in 2023, and they both choose to have regular tags.<sup>25</sup> The sisters are across-the-street neighbors on County Line Road. Sister 4 lives on the north side of the street in Ridgeland (Madison County), and Sister 5 lives on the south side of the street in Jackson (Hinds County). However, Sister 5's car tag cost more than twice as much as Sister 4's because of the difference in millage rates.<sup>26</sup>

Figure 6					
Assessed Value	Total Tax (Millage) Rate	Fees	Legislative Tag Credit	Specialty Tag	Total Price
Sister 1's Tag					
\$3600	11.621%	\$27.75	-\$234.00	\$33	\$245.11
Sister 2's Tag					
\$3600	21.765%	\$27.75	-\$234.00	\$30	\$607.29
Sister 3's Tag					
\$3600	15.7435%	\$27.75	-\$234.00	\$0	\$360.52
Sister 4's Tag					
\$11,400	11.271%	\$27.75	-\$741.00	\$0	\$571.64
Sister 5's Tag					
\$11,400	19.331%	\$27.75	-\$741.00	\$0	\$1,490.48

<sup>23</sup> Analysts used an MSRP of \$40,000. According to the DOR's depreciation schedule, the vehicle's true value is \$12,000. Assessed value is 30% of a vehicle's true value. Currently, the Legislative Tag Credit is worth 6.5% of a vehicle's assessed value.

<sup>24</sup> See note.<sup>22</sup>

<sup>25</sup> Analysts used an MSRP of \$60,000. According to the DOR's depreciation schedule, the vehicle's true value is \$38,000. Assessed value is 30% of a vehicle's true value. Currently, the Legislative Tag Credit is worth 6.5% of a vehicle's assessed value.

<sup>26</sup> See note.<sup>22</sup>