

PAYMENT OF SALES TAX AFTER VEHICLE TOTAL LOSS IN ALL 50 STATES

Approximately 12% to 14% of all accidents result in a total loss, a number which has been trending upward since 2002. Insurance companies faced with first-party claims on policies are responsible for paying the actual cash value (ACV) or market value of an insured's vehicle so the insured can replace it with a similar vehicle. In addition, they may also be responsible for other costs associated with purchasing a new vehicle, such as sales tax, title, and vehicle registration. Approximately two-thirds of the states require insurance companies to pay for the sales tax after an insured replaces a crashed vehicle with a new or used one. However, that doesn't necessarily mean insurers in those states are going to offer to pay sales tax up front. Nor does it mean insurers in states that don't require those reimbursements will refuse to pay. Insurers will generally reimburse for those costs on the total loss settlement for an insured's original vehicle, not the replacement vehicle. For example, if the insured receives \$5,000 from the insurer for its old vehicle and uses that money toward the purchase of a new vehicle for \$20,000, the insurance company might be responsible for payment of sales tax on the \$5,000, but not the \$20,000. Frequently, the requirement to pay sales tax after a total loss is discussed within a state's unfair claim settlement practices laws and/or regulations.

A "*total loss*" occurs when the insured property is totally destroyed or is damaged in such a way that it can be neither recovered nor repaired for further use, or the insured is irretrievably deprived of it. Put another way, a vehicle is considered a total loss when the cost to repair it and return it to its pre-loss condition is greater than the pre-accident value of the vehicle. In some states, when a vehicle's repair costs exceed a certain percentage of its ACV, it is deemed a total loss. In most, but not all cases, a total loss vehicle is more expensive to repair than the vehicle's ACV. Insurance companies also consider whether repairs can be safely completed on the vehicle. Other factors that insurance companies take into consideration are the vehicle's year, make, model, mileage, physical wear and tear, and extent of damage caused in the accident. When and whether a vehicle involved in a collision is "totaled" for first-party insurance purposes or for purposes of handling salvage and branding titles of vehicles which are "salvage" are two different but related concepts and practices within the insurance industry which are often conflated. A chart entitled "*Automobile Total Loss Thresholds In All 50 States*" can be found [HERE](#).

There are two types of claims which can be made following a total loss accident, *first-party* and *third-party*, both of which are discussed in this chart.

FIRST-PARTY CLAIMS

These are collision insurance claims made by the vehicle owner/policyholder against his own insurance company to recover an insurance payment under the terms of the policy. First-party claim payments are governed by applicable policy language. The amount of the payment depends on the policy but could be the ACV or Replacement Cost Value (RCV) in some cases. It might also include applicable state fees and sales tax. In most states, the maximum that will be paid for a totaled vehicle will be the amount necessary to replace the vehicle with a comparable used vehicle (plus sales tax, title and registration fees). This is referred to as the vehicle's ACV. An exception to this rule would be if the policy provides for RCV endorsement as part of the Collision and Comprehensive Coverage. Terms to be familiar with in first-party insurance claims include:

Actual Cash Value (ACV): A measure insurance companies use when deciding how much to pay for a damaged vehicle. It is also sometimes referred to as “Actual Cost Value.” It’s commonly defined as the cost of replacing the insured property, less depreciation for age, wear and tear. (“depreciated replacement cost”). Some courts have held that ACV is equal to FMV, rather than the depreciated replacement cost.

Replacement Cost Value (RCV): This is the amount of money necessary to purchase the same or similar product at today’s prices, even if it’s more than the insured paid for the product originally. With replacement cost coverage, many insurance companies will pay the ACV of an item and require the insured to submit a receipt for the new item before paying you the remainder. “Replacement cost insurance” is optional additional coverage that may be purchased for casualty insurance to insure against the possibility that the improvements will cost more than the ACV and that the insured cannot afford to pay the difference.

Fair Market Value (FMV): This is the reasonable *sales price* which a willing buyer and seller, knowing comparable prices in the market and knowing all relevant facts related to the subject property being sold, would agree to. Three well-recognized guides to appraisal have evolved, all of which take the property’s pre-loss physical depreciation into account: (1) the cost approach; (2) the comparable sales approach; and (3) the income or economic approach.

Whether or not to include sales tax in a first-party claim payment has been closely looked at in recent years. Sixteen states (AZ, CT, CA, CO, IL, KY, MD, NE, NJ, NV, OH, OK, PA, VA, WA, and WI) have insurance commissioners/departments which have cited insurers for failing to include or properly calculate tax on their auto claim payments. Most states do provide some guidance as to whether sales tax (possibly including title and registration fees) should be included in the payment of auto total loss claims. Thirty-four (34) states require automobile insurance companies to pay sales tax after replacing an insured’s vehicle with a new or used vehicle. However, many others (DE, DC, ID, LA, MA, MI, MT, NH, NM, NC, NE, TX, and WY) remain silent regarding whether, when, and in what amounts sales tax must be paid when settling claims on auto total losses.

THIRD-PARTY CLAIMS

“Third-party claims” are auto liability claims made by the owner of a damaged vehicle against a third-party tortfeasor (person other than the insured and insurer) or his liability insurance carrier for negligently causing damage to the owner’s vehicle. Third-party property damage recovery is governed by applicable state tort damage laws and varies from state to state. Whether *sales tax* can be recovered in tort from a third party depends on the tort and damages laws of the state(s) involved. The third-party liability insurance company will be responsible for damages caused by its insured. The extent of those damages depends on the damages law of the state(s) involved as well as possible unfair claims settlement practices laws and/or regulations which may include such third-party claims. First-party RCV insurance claim payments cannot be recovered as damages in third-party subrogation cases because the default rule for measuring direct damages from partial destruction of personal property is either the reasonable cost of repairs or the difference in the market value immediately before and immediately after the damage to such property at the place where the damage was occasioned. *J & D Towing, LLC v. Am. Alternative Ins. Corp.*, 478 S.W.3d 649 (Tex. 2016). For both real and personal property losses, the general rule of recovery in many jurisdictions is that a property owner can recover the cost of replacement, repair, or restoration of property, unless the damage is permanent, and the restoration cost will exceed the diminution in the fair market value of the property, in which case the damages are limited to the diminution in fair market value. In other jurisdictions, the damages rule allows recovery of the difference between the FMV of the property before the loss less the FMV of the property immediately after the loss.

NOTE: On occasion, damaged property does not have a typical “market” in which such items are bought and sold, calculating damages becomes much more complicated and confusing. Property such as *municipal utility poles, signs, school buildings, landmarks, statues*, etc., have a “*service value*” (a/k/a “*use value*”), but have no traditional market to aid in determining the damages owed by someone who negligently damages such property. *Intrinsic value* is the reasonable value of property to the owner in the condition the property was in when it was damaged, excluding any fanciful or sentimental consideration. Trinkets, etchings, books, pets, family documents, household furniture, jewelry, silverware, family records, clothing, and personal effects are examples of property that do not have a realistic FMV because they are not easily bought or sold on the market. Instead, they have an artistic or intrinsic value. Sentimental value is value over and above any market value or intrinsic value a piece

of personal property might have. Examples of such property include antiques, heirlooms, wedding memorabilia, photographs, handicrafts, and trophies, etc., although almost anything could have sentimental value. For a chart showing the applicable state laws in all 50 states regarding damage to property without traditional market value, see [HERE](#). This chart, however, concerns itself primarily with the recovery of sales taxes in first-party and third-party claims.

WHERE OWNER RETAINS SALVAGE VEHICLE

This chart addresses the payment of sales tax in automobile total loss claims and is intended to provide practical guidance to insurers, claims professionals, and subrogation counsel navigating a frequently misunderstood issue. While many jurisdictions have rules governing whether sales tax must be paid as part of a total loss settlement, far fewer speak directly to how that obligation is affected when the vehicle owner elects to retain the salvage. That distinction is critical. A state's general requirement that sales tax be paid in a total loss does not necessarily answer whether tax must still be included when the insured or claimant keeps the totaled vehicle and receives a cash settlement reduced by salvage value.

The core issue could turn on whether the applicable policy contains any sales-tax-specific language and whether the insured purchased a replacement vehicle and paid tax. It also turns on how each jurisdiction conceptualizes sales tax within the total loss framework. In some states, sales tax is treated as an inherent component of the value of a comparable replacement vehicle and must be included in the settlement calculation regardless of whether the claimant retains the salvage. In others, sales tax is viewed as a replacement-related expense, payable only if and when the claimant actually purchases a substitute vehicle or provides proof that such a taxable transaction has occurred within a specified time period. Still other states are silent on the issue altogether, leaving the outcome to be determined by policy language, general definitions of actual cash value or fair market value, and informal regulatory guidance.

Owner-retained salvage cases sit at the intersection of valuation principles and tax law. When an insurer settles a total loss on an actual cash value basis and deducts the salvage value because the owner keeps the vehicle, the question becomes whether sales tax is calculated as part of the gross valuation before the salvage deduction, or whether it is excluded entirely absent a replacement purchase. A minority of jurisdictions answer this question expressly through statute, regulation, or insurance department bulletin. Most do not. As a result, jurisdictions can be grouped into practical categories: those that expressly require inclusion of sales tax even when salvage is retained; those that condition payment of sales tax on proof of replacement; and those that provide no explicit rule, making the outcome dependent on policy terms and general total loss principles.

The additional column included in the chart below is intended to address that gap. Rather than merely stating whether a state requires payment of sales tax in a total loss claim, it addresses how that state treats sales tax when the owner retains the salvage vehicle. Where authority is explicit, it is noted. Where authority is inferential or absent, the chart reflects that reality and flags the issue as one driven by policy language and regulatory interpretation. The goal is not to impose a uniform rule where none exists, but to give users a clearer, more accurate framework for evaluating owner-retained salvage settlements on a state-by-state basis.

SALES TAX EXEMPTIONS

It should be noted that most states provide vehicle sales tax exemptions for a variety of vehicles, depending on their intended uses – including “commercial” vehicles. For example, Texas provides for sales tax exemptions for Church and Religious Societies, Consular Officers and Employees, Driver Training Vehicles, Farm (Ranch) Exemptions for Specially Modified Motor Vehicles Used on a Farm or Ranch, Non-Exempt Vehicles Used on a Farm or Ranch, Farm Trailers, Farm-Use Vehicles, Agricultural Tax Exemptions, Trailers Used for Timber Operations, Interstate Motor Vehicles, Licensed Child-Care Facilities, Nonprofit Organizations, Orthopedically Handicapped Person, Disabled Veterans, or Former Prisoners of War, Public Agency, Lease to a Public Agency, License Plates Contractors, Other Organizations Exempt by Statute, Federal Organizations, State Organizations, Volunteer Fire Department Vehicles Transported Out of State, Hydrogen-Powered Vehicles, and Citrus Pest and Disease

Management Corporation (Agriculture Code Chapter 80). Recovery of sales tax, whether first-party or third-party, would likely depend on whether vehicle sales tax is going to be incurred in the first place. If no sales tax will be owed on the repurchase of a replacement vehicle, it is likely that no sales tax will be owed on either first-party or third-party claims. However, such situations must be looked at on a case-by-case basis taking into consideration the detailed nuances of the laws of damages and taxation in a particular state.

It should be remembered that the adjustment and/or payment of insurance claims, first-party or third-party, are dependent not only on state law and/or regulations, but also on policy language. No decision regarding the payment of a claim should be made without consulting your policy terms and conditions as well as legal counsel. This chart is simply a shorthand rendition of available (or unavailable) law on the subject, and is not a substitute for coverage and or claims legal advice.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
ALABAMA	When the insurance policy provides for the adjustment and settlement of first-party auto total losses based on ACV or replacement with another of like kind and quality, the insurer must pay all applicable taxes, license fees, and other fees. Ala. Admin. Code § 482-1-125-.08. Where policy provides that “If we pay for loss in money, our payment will include the applicable sales tax”, sales tax is owed. <i>Lary v. Valiant Ins. Co.</i>, 864 So.2d 1105 (Ala. Civ. App. 2002), <u>overruled by</u> <i>Ex parte S & M, LLC</i>, 120 So.3d 509 (Ala. 2012).	No applicable statute, case law, or regulation governing recovery of sales tax.	Not expressly addressed; regulation requires payment of applicable taxes in total loss settlements, but no guidance on owner-retained salvage, making issue dependent on policy language and ACV definition. Ala. Admin. Code § 482-1-125-.08; <i>Lary v. Valiant Ins. Co.</i>, 864 So.2d 1105 (Ala. App. 2002). The court in <i>Lary v. Valiant</i>, held that an auto insurer is required to pay applicable sales tax on a total loss claim when the policy expressly provides that sales tax is included in any monetary payment for loss, regardless of the fact that the loss is adjusted as a total loss rather than a repair. The court’s analysis of sales tax was grounded purely in contract interpretation, not salvage ownership. The above regulation does not expressly distinguish between situations where the insured retains the salvage and those where the insurer takes possession of the salvage. However, the rule contemplates deductions for salvage value in alternative settlement methods and requires that any such deduction be measurable and itemized. Thus, when the insured keeps the salvage, some might argue that the insurer may deduct the salvage value from the settlement, but the obligation to pay applicable taxes and fees (subject to the cap) remains.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
ALASKA	No state sales tax in Alaska. When the insurance policy provides for the adjustment and settlement of first-party auto total loss based on ACV or replacement with another of like kind and quality, the insurer must offer a comparable replacement vehicle with all applicable taxes, license fees, and other fees paid. Alaska. Admin. Code § 26.080. If insured wants to retain the salvage following a total loss and seeks to settle on an ACV basis, the correct calculation for the total loss is based on the actual cost to purchase a comparable vehicle, including all applicable taxes, license fees, destination or delivery charges, and other fees incident to transfer of ownership. This calculation is not contingent on salvage, nor does calculation of ACV change if the insured seeks to keep the salvage rather than have the salvage turned over to the insurer for disposition. Bulletin 93-8, 1993 WL 13563685 (AK INS BUL), 2.	No applicable statute, case law, or regulation governing recovery of sales tax.	Sales tax included regardless of salvage retention; ACV is based on cost to purchase a comparable vehicle including applicable taxes/fees even if insured keeps salvage. Bulletin 93-8, 1993 WL 13563685 (AK INS BUL), 2; Alaska Admin. Code §§ 26.080 and 26.090. The 1993 bulletin reads: <i>The correct calculation for a total loss on the basis of actual cash value is based upon the actual cost to purchase a comparable item, including all applicable taxes, license fees, destination or delivery charges, and other fees incident to transfer of ownership. This calculation is not contingent upon salvage, nor does the calculation of actual cash value change if the insured seeks to retain the salvage rather than have the salvage turned over to the insurer for disposition.</i>
ARIZONA	All insurance policies must make prompt, fair, and equitable settlements applicable to both first and third-party total loss claims. This includes either (1) offering a replacement auto with all applicable “taxes, license fees, and other fees” paid, or (2) making cash settlement which includes all applicable taxes, license fees, and other fees. Ariz. Admin. Code § R20-6-801(H)(1).	Third-party insurers must follow the same rules as first-party insurers. Any deviation from those rules must be supported by documentation giving particulars of the vehicle’s condition, and all deviations must be “measurable, discernible, itemized, and specified as to dollar amount.” Ariz. Admin. Code § R20-6-801(H)(1)(C).	Not expressly addressed: The insurer may be still obligated to include sales tax in the claim payment. The applicable regulation, Ariz. Admin. Code § R20-6-801, requires that the cash settlement for a total loss be based on the actual cost to purchase a comparable automobile, “including all applicable taxes, license fees and other fees incident to transfer of evidence of ownership of a comparable automobile.” If the insured retains the salvage, the insurer may deduct the salvage value, but this deduction must be itemized and appropriate. The regulation does not provide an exception for the inclusion of sales tax when the insured keeps the salvage; thus, sales tax remains part of the settlement calculation.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
ARKANSAS	When the insurance policy provides for the adjustment and settlement of a first-party auto total loss, the insurer must either (1) offer a replacement auto with all applicable “taxes, license fees, and other fees” paid, or (2) make a cash settlement which includes all applicable taxes, license fees, and other fees. If the insurer deviates from the methods above, they must include an itemized list stating the amount of the claim attributable to the value of the auto and the amount attributable to the sales tax. Ark. Admin. Code § 054.00.43-10(A).	Third-party insurers must follow the same rules as first-party insurers. Any deviation from those rules must be supported by documentation giving particulars of the vehicle’s condition, and all deviations must be “measurable, discernible, and itemized as to dollar amount.” Ark. Admin. Code § 054.00.43-10(A)(3).	Not expressly addressed. Carrier may be obligated to include all applicable taxes—including sales tax—in the claim payment, regardless of whether the insured retains the salvage vehicle. This obligation is established by statute and regulation, and is confirmed by case law. The statutes and regulations require that all applicable taxes and fees be included in the settlement, and do not carve out an exception for situations where the insured keeps the salvage. However, the insurer is permitted to deduct the salvage value from the total loss settlement, provided that the deduction is measurable, discernible, itemized, and appropriate in amount. Ark. Code § 23-89-211 (2026); 054.00.15 Ark. Code R. 005; <i>Betts v. USAA Gen. Indem. Co.</i>, 606 S.W.3d 616 (Ark. App. 2020). Neither the statute nor the regulations provide an express exception to the inclusion of sales tax when the insured retains the salvage.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
CALIFORNIA	Insurer must (1) offer a cash settlement based upon the actual cost of a “comparable auto” including all applicable taxes and other fees, or (2) offer a replacement comparable auto including all applicable taxes, license fees, and other fees. Cal. Code of Regs. Tit. 10 § 2695.8(b). Pro-rata refund of Vehicle License Fee (VLF) portion of the registration fees (in lieu of property tax) is required when one (1) vehicle is stolen and not recovered within 60 days after police report, Cal. Rev. and Tax. Code § 10902; (2) total loss, Cal. Veh. Code § 11515 & Cal. Rev. and Tax. Code § 10902, or (3) vehicle completely stripped or burned. When a carrier elects to repair the car to its pre-accident condition, it’s not required to pay for any loss of value to the vehicle, which can occur after a seriously damaged vehicle is fully repaired. <i>Carson v. Mercury Ins. Co.</i>, 148 Cal. Rptr. 3d 518 (Cal. App. 2012).	Third-party total loss claims are evaluated in the same way as first-party claims. Cal. Code of Regs. Tit. 10 § 2695.8(b)(6). It provides: <i>(6) Subsection 2695.8(b) applies to the evaluation of third party automobile total loss claims, but does not change existing law with respect to the obligations of an insurer in settling such claims with a third party.</i>	The settlement must include the sales tax associated with the cost of a comparable automobile, but this amount is reduced by the portion of sales tax attributable to the salvage value of the retained vehicle. Additionally, the settlement must include all fees incident to transferring the claimant’s vehicle to salvage status. Cal. Code Regs. Tit. 10, § 2695.8.
COLORADO	Insurer shall pay title fees, sales tax, and any other transfer or registration fee associated with the total loss of a motor vehicle. C.R.S. § 10-4-639.	Third-party total loss claims are evaluated in the same way as first-party total loss claims. C.R.S. § 10-4-639.	Carriers are statutorily required to include sales tax in the claim payment for a first-party total loss, even when the insured retains or keeps the salvage vehicle. The obligation is imposed by statute and is not conditioned on the insured purchasing a replacement vehicle or relinquishing the salvage. The relevant statute, C.R.S. § 10-4-639, mandates payment of sales tax, title fees, and other transfer or registration fees "associated with the total loss of a motor vehicle," without exception for salvage retention. When the insured retains the salvage, the insurer must include the sales tax for a comparable vehicle, but reduce it by the sales tax attributable to the salvage value.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
CONNECTICUT	Insurer must pay an amount equal to (A) the settlement amount on such vehicle plus, (B) whenever the insurer takes title, an amount determined by multiplying the settlement amount by the current tax rate percentage. C.G.S.A. § 38a-816.	No authority requiring payments of sales tax to third-party total loss claims. Insurers have no duty of good faith to third parties since their relationship is adversarial and not fiduciary in character. <i>Asmus Elc., Inc. v. G.M.K. Contractors, LLC</i> , WL 758126 (2005); <i>Sherrick v. Belanger</i> , 43 Conn. L. Rptr. 878 (2007).	The insurer is not obligated to include sales tax in the claim payment. The obligation to pay sales tax as part of the claim arises only when the insurer takes title to the vehicle. This is expressly set forth in the current version of Connecticut law. Conn. Gen. Stat. § 38a-81. This statute makes clear that the payment of sales tax is only required "whenever the insurer takes title to such vehicle."
DELAWARE	No state sales tax in Delaware. No applicable statute, case law, or regulation governing recovery of sales tax. 21 Del. C. § 2118 (A)(4) describes only the following benefits: <i>"Compensation for damage to the insured motor vehicle, including loss of use of the motor vehicle, not to exceed the actual cash value of the vehicle at the time of the loss and \$10 per day, with the maximum payment of \$300, for loss of use of such vehicle."</i> 21 Del. C. § 2118 (A) (4). Look at policy language.	No applicable statute, case law, or regulation governing recovery of sales tax.	No state sales tax; no statute, regulation, or DOI guidance addressing owner-retained salvage in total loss settlements. 21 Del. C. § 2118(a)(4).
DISTRICT OF COLUMBIA	No applicable statute, case law, or regulation governing recovery of sales tax. However, an insured can recover damages suffered as a result of being without a vehicle for the reasonable amount of time necessary to replace or repair the damaged vehicle. <i>Gamble v. Smith</i> , 386 A.2d 692, 694 (1978). Look at policy language.	No applicable statute, case law, or regulation governing recovery of sales tax.	Not addressed; no statute, regulation, or DOI guidance requiring payment of sales tax in total loss claims, and no authority addressing owner-retained salvage; outcome driven by policy language and tort damages law. <i>Gamble v. Smith</i> , 386 A.2d 692 (D.C. 1978).

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
FLORIDA	When the insurance policy provides for the adjustment and settlement of first-party auto total losses based on ACV or replacement with another of like kind and quality, the insurer must pay sales tax. Any deviation from this method must be supported by documentation. The insurer must include an itemized list stating the amount of the claim attributable to the value of the auto and the amount attributable to the sales tax. F.S.A. § 626.9743.	Third-party insurers must follow the same rules as first-party insurers. Any deviation from those rules must be supported by documentation giving particulars of the auto condition, and all deviations must be “measurable, discernible, itemized and specified as to dollar amount.” F.S.A. § 626.9743(5)(C).	When an automobile insurance company settles a first-party total loss claim, the obligation to include sales tax in the claim payment is governed by Fla. Stat. § 626.9743. The statute generally requires that, when settling on the basis of actual cash value (ACV) or replacement, the insurer must include sales tax in the settlement if it is "applicable." However, if the insured retains or keeps the salvage vehicle and does not actually incur sales tax (i.e., does not purchase a replacement vehicle), the insurer may defer payment of the sales tax until the insured actually incurs the obligation. In other words, the insurer is not required to pay sales tax up front if the insured keeps the salvage and does not buy a replacement vehicle, but must pay it if and when the insured later incurs the tax by purchasing a replacement.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
GEORGIA	Insurer must (1) offer a cash equivalent settlement based upon the ACV of a “comparable auto” including all applicable taxes and other fees, or (2) offer a replacement auto including all applicable taxes, license fees and other fees. Ga. Comp. R. & Regs. § 120-2-52-.06.	For first-party total loss claims, insurers must calculate and include full applicable sales tax based on the actual cash value of the vehicle as the tax the insured will owe on a replacement, per Georgia Directive 22-EX-2 (Apr. 1, 2022). Carriers must include full applicable sales taxes in first-party total loss settlements when using a cash equivalent method, even where tax payments previously were calculated on lower amounts. This directive requires proper calculation of taxes on first-party total loss settlements Per O.C.G.A 51-12-7, “In all cases, necessary expenses consequent upon an injury are a legitimate item in the estimate of damages.”	Carrier may be obligated to include all applicable sales tax, license fees, and other fees incident to the transfer of ownership of a comparable automobile in the claim payment. This obligation applies regardless of whether the insured retains the salvage vehicle. The amount payable for taxes and fees is capped at what would have been paid on the totaled vehicle at the time of settlement. The regulation does not expressly provide for a reduction or exclusion of sales tax when the insured keeps the salvage; thus, unless otherwise specified by policy terms or other legal authority, the insurer arguably should include sales tax in the settlement. is Ga. Comp. R. & Regs. R. 120-2-52-.06 (2026).

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
HAWAII	Insurer must (1) offer a cash settlement based upon the ACV of a “comparable auto”, if within 30 days the insured purchases a new car, the insurer must reimburse for excise tax and ownership fees, or (2) offer a replacement comparable auto including all excise taxes and ownership fees. Haw. Rev. Stat. § 431:10C-312.	No applicable statute, case law, or regulation governing recovery of sales tax. However, courts have applied various measures of damages to personal property. All these measures are merely guides to common sense aimed to ultimately fully compensate the injured party. The assessment of property damage must rest on its own facts and circumstances. <i>Richards v. Kailua Auto Mach. Serv.</i>, 10 Haw. App. 613, 623, 880 P.2d 1233, 1238 (1994).	Hawaii has an excise tax rather than a traditional sales tax. The carrier is obligated to pay or reimburse the insured for the applicable general excise tax and certificate of ownership fee, but only if the insured purchases a replacement vehicle within 30 days of receiving the settlement and provides documentation within 33 days. This obligation is not affected by whether the insured retains or keeps the salvage vehicle; the statute ties the insurer’s responsibility for sales tax reimbursement solely to the purchase of a replacement vehicle, not to the disposition of the salvage. If the insured does not purchase a replacement vehicle or fails to provide the required documentation, the insurer is not required to pay or reimburse the sales tax. HRS § 431:10C-312 (2026).
IDAHO	No applicable statute, case law, or regulation governing recovery of sales tax. However, Idaho Department of Insurance’s website states that an insured can recover sales tax, title fees, and release of liability fees. https://doi.idaho.gov/consumers/auto-insurance/auto-claims/common-auto-claims-questions/.	No applicable statute, case law, or regulation governing recovery of sales tax. A claim against an insurer for breach of duty of good faith is only available to first-party insured parties. <i>Idaho State Ins. Fund v. Van Tine</i>, 132 Idaho 902, 908, 980 P.2d 566, 572 (1999).	Not expressly addressed; no statute, regulation, or DOI bulletin addressing owner-retained salvage; DOI guidance indicates sales tax and fees may be reimbursable generally, making outcome dependent on policy language and replacement. Idaho DOI Auto Claims Guidance; <i>Idaho State Ins. Fund v. Van Tine</i>, 980 P.2d 566 (Idaho 1999).

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
ILLINOIS	Insurer must (1) offer a cash settlement based upon the ACV of a “comparable auto”, If within 30 days the insured buys or leases a new vehicle, the carrier must pay the applicable sales tax, transfer, and title fees in an amount equivalent to the value of the total loss vehicle, or (2) offer a replacement comparable auto including all applicable taxes, license fees, and other fees, if the insured purchases a vehicle with a market value less than the amount previously settled upon, the company must pay only the amount of sales tax actually incurred and include transfer and title fees. Ill. Admin. Code tit. 50, § 919.80(C). Exhibit A to § 919 states: <i>“If within 30 days of a cash settlement, you can prove that you have purchased another vehicle, the company must pay the applicable sales tax, transfer and title fees in an amount equivalent to the value of the total loss vehicle. If you purchase a vehicle with a market value less than the amount previously settled upon, the company must pay you only the amount of sales tax that you actually incurred and include transfer and title fees.”</i>	No applicable statute, case law, or regulation governing recovery of sales tax. In a third-party claim, you do not have a direct contract with the party you are seeking to recover from and their primary obligation is to their own policyholder. https://idoi.illinois.gov/consumers/consumerinsurance/total-loss-auto-claim.html; <i>Cramer v. Ins. Exch. Agency</i>, 174 Ill.2d 513, 531, 675 N.E.2d 897, 906 (1996).	Carrier is obligated to pay or reimburse sales tax in a first-party total loss claim only if the insured purchases or leases a replacement vehicle within 30 days of receiving the cash settlement and provides documentation of the purchase and tax paid within 33 days. This obligation is capped at the value of the total loss vehicle and is not triggered merely because the insured retains or keeps the salvage vehicle. If the insured does not purchase or lease a replacement vehicle within the statutory window, or fails to provide the required documentation, the insurer has no duty to pay or reimburse sales tax. The rules do not distinguish or create a separate obligation for situations where the insured retains the salvage; the key factor is the replacement of the vehicle, not salvage retention. 215 ILCS 5/154.9 ("Payment of Applicable Use Or Occupation Tax, Title, and Transfer Fees On a Private Passenger Total Loss Claim").

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
INDIANA	Insurer must pay sales tax in addition to the fair market value of the totaled vehicle. This is necessary for the insured to be “made whole” for the loss. Sales tax must be paid at the time of compensating the insured for the loss of the vehicle. <i>Indiana Insurance Bulletin 82</i>, 2/25/94. In 2014, Indiana Dept. of Ins. General Counsel Tina Korty explained that, “The Department views payment of sales tax to be a necessary component of a fair and equitable settlement.” 1/9/15 e-mail to Gary Wickert.	The Indiana Dept. of Ins. General Counsel says the position of the Department is that of Indiana Insurance Bulletin 82. Indiana law requires insurers to effectuate prompt, fair, and equitable settlement of claims. I.C. § 27-4-1-4.5. The Department views payment of sales tax to be a necessary component of a fair and equitable settlement. No case law to support, however.	Carrier must include sales tax in the total loss settlement to make the insured whole for the loss of the vehicle. This obligation is rooted in administrative guidance rather than statute, and the guidance does not expressly distinguish between situations where the insured retains the salvage and where they do not. The administrative decision does not provide statutory text or direct regulatory authority, and it does not specifically address the scenario where the insured keeps the salvage vehicle. No statutory, regulatory, or case law authority was retrieved for other U.S. states or for Indiana specifically addressing the treatment of sales tax when the insured retains the salvage. Department of State Revenue N° 20240605-IR-045240174NRA, 2024-06-05 (citing Automobile Insurance Bulletin 82 (found at https://www.in.gov/idoi/files/Bulletin_82.pdf)).
IOWA	Insurer may (1) offer a replacement auto that is at least comparable including all applicable taxes, license fees, or other fees, or (2) offer a cash settlement based on the ACV of a comparable vehicle including all applicable taxes, license fees, or other fees. Iowa A.D.C. § 191-15.43(507B).	No applicable statute, case law, or regulation governing recovery of sales tax. The Supreme Court has simply said that “When the motor vehicle is totally destroyed or the reasonable cost of repair exceeds the difference in reasonable market value before and after the injury, the measure of damages is the lost market value plus the reasonable value of the use of the vehicle for the time reasonably required to obtain a replacement.” <i>Long v. McAllister</i>, 319 N.W.2d 256 (Iowa 1982).	Carrier is required to include all applicable sales tax, license fees, and other fees incident to the transfer of ownership in the claim payment, regardless of whether the insured retains the salvage vehicle. The relevant regulation does not provide an exception for situations where the insured keeps the salvage; thus, the obligation to pay sales tax applies in both scenarios. Iowa Code r. 191-15.43 (Standards For Settlement of Automobile Insurance Claims). The statutory language is broad and mandatory. It requires insurers to pay "all applicable taxes" in both replacement and cash settlement scenarios. The regulation does not distinguish between cases where the insured retains the salvage and those where the insurer takes possession of the salvage. There is also no language in the rule that would allow the insurer to reduce or exclude the sales tax component of the settlement when the insured keeps the salvage vehicle.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
KANSAS	Insurer may (1) offer owner a comparable replacement vehicle, “with all applicable taxes, license fees, and other fees incident to transfer of evidence of ownership ...” or (2) pay owner a cash settlement equal to the actual cost required to purchase a comparable vehicle “including all applicable taxes, license fees and other fees incident to transfer of evidence of ownership ...” Sales tax is calculated by multiplying the ACV of the comparable vehicle by state and local income tax. Kan. Admin. Regs. § 40-1-34. https://insurance.ks.gov/departments/LegalIssues/bulletins/2013-1.pdf	Kansas Insurance Department Bulletin 2013-01 states that insurers have an obligation to pay sales tax and fees for all total loss claims. https://insurance.ks.gov/departments/LegalIssues/bulletins/2013-1.pdf	Carrier is obligated to include sales tax in the claim payment if the settlement is based on the cost to purchase a comparable vehicle. The applicable regulation, Kan. Admin. Regs. § 40-1-34, requires that the settlement amount include "all applicable taxes, license fees and other fees incident to transfer of evidence of ownership of a comparable automobile." If the insurer deviates from this method—such as by deducting the salvage value because the insured retains the salvage—any such deduction must be itemized and appropriate, but the regulation does not expressly authorize the insurer to withhold sales tax in this scenario. Therefore, unless the settlement method is fundamentally different from a cash settlement to purchase a comparable vehicle, sales tax should be included even when the insured retains the salvage.
KENTUCKY	If the policy provides for the settlement of first-party auto total loss, the insurer may elect to either (1) offer a replacement auto that is at least comparable including all applicable taxes, license fees, or other fees, or (2) offer a cash settlement based on the actual cost of a comparable vehicle including all applicable taxes, license fees, or other fees. 806 Ky. Admin. Regs. § 12:095.	806 Ky. Admin. Regs. § 12:095 defines “claimant” as a first-party claimant, a third-party claimant, or both. Bulletin 81-DM-007, 1981 states <i>“it is necessary for sales tax to be included in establishing the value of damage when such tax is obviously an obligation of the claimant upon replacement of total losses.”</i> However, no other applicable statute or case law.	Carrier obligated to include sales tax in the claim payment. The applicable regulation, 806 KAR 12:095, requires that the settlement amount for a total loss must include all applicable taxes (including sales tax), regardless of whether the insured retains the salvage. If the insured keeps the salvage, the insurer may deduct the salvage value from the total settlement, but this deduction must be itemized and appropriate. The regulation does not authorize the insurer to exclude sales tax from the settlement solely because the insured retains the salvage vehicle. The regulation applies to first-party total loss claims under policies governed by the Kentucky Insurance Code.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
LOUISIANA	Insured truck owner was not entitled to recover sales tax on vehicle under terms of the policy as result of his truck being stolen and/or damaged, where policy provided for “actual cash value” of the damaged property; fact that insured paid sales tax on the truck did not increase its value. <i>Clark v. Clarendon Ins. Co.</i>, 841 So.2d 1039 (La. App. 2003). The term “actual cash value,” <u>when undefined in automobile policy</u>, included all reasonably necessary costs associated with obtaining a replacement, comparable motor vehicle after it was rendered a total loss under policy, including sales taxes and regulatory fees. <i>Cummings v. Allstate Prop. and Cas. Ins. Co.</i>, 2023 WL 6830236 (M.D. La. 2023).	Carrier is subrogated <i>only</i> to those rights its insured had, and <i>only</i> to the extent of first-party coverage it provided. Section 1830 says the subrogee cannot recover more than the extent of its performance under the policy. The State Farm policy did not obligate it to pay sales tax, so it could not recover sales tax from the tortfeasor. <i>State Farm Mut. Auto. Ins. Co. v. Berthelot</i>, 732 So.2d 1230 (La. 1999). Vehicle owner can recover sales tax. If the first-party policy requires payment of sales tax, such tax may be recovered in third-party action by subrogated insurer. Section 2315 (“Liability For Acts Causing Damages”) is known as the “fountainhead” of tort law in Louisiana, and as of a 2001 amendment, now provides in part, “Damages shall include any sales taxes paid by the owner on the repair or replacement of the property damaged.”	Carrier is generally not obligated to include sales tax in the claim payment unless a taxable event (such as repair or replacement) occurs. The courts have held that sales tax is only owed when there is an actual transaction subject to tax, such as the purchase of a replacement vehicle or the repair of the damaged vehicle. If the insured keeps the salvage and does not purchase a replacement, no sales tax is due as part of the “actual cash value” (ACV) settlement. This position is grounded in Louisiana appellate case law, which interprets ACV under the policy as excluding sales tax absent a taxable event. <i>Clark v. Clarendon Ins. Co.</i>, 841 So. 2d 1039 (La. App. 2000). In this case, the court addressed whether sales tax should be included in the damages awarded for a total loss vehicle claim. The court held: <i>“A sales tax is a distinct and separate charge ... Louisiana's 'sales and use tax is an excise tax, a tax upon the transaction itself, not the property involved in the transaction.' ... However, since no sale, repair, or replacement has occurred in the present case, no taxable event has taken place. ... The supreme court concluded that a sales tax increases the cost to the buyer, but does not increase the value of property. Clarendon's policy provides for payment of the 'actual cash value' of the damaged property. 'Actual cash value' is defined in terms of 'price' and 'worth' without reference to any tax. ... Accordingly, we conclude that the 'actual cash value' of Mr. Clark's truck and property when it was stolen and/or damaged did not include sales tax and reverse the trial court's award for sales tax on Mr. Clark's damages. ... If it is determined on remand that Mr. Clark's truck is not a total loss, the trial court is instructed to award sales tax on the repair of the truck.”</i>

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
MAINE	<i>"All contracts of motor vehicle casualty insurance ... shall provide coverage for the value of the sales tax credit that would have been available upon trade thereof at the highest book value at the time of loss or destruction of the insured vehicle."</i> 24-A M.R.S.A. § 2907.	No applicable statute, case law, or regulation governing recovery of sales tax.	Answer guided by regulatory interpretation rather than explicit statutory text addressing the retained-salvage scenario. According to the Maine Bureau of Insurance, when a covered total loss occurs and the insurer elects to make a cash settlement, the settlement must include sales tax as part of the measure of loss, regardless of whether the insured intends to replace the vehicle or retains the salvage. This position is based on the DOI interpretation of 24-A M.R.S.A. § 2907, which addresses coverage for sales tax credit in total loss settlements. No explicit exception for situations where the insured retains the salvage vehicle; thus, the expectation is that sales tax should be included in the total loss settlement amount. 991 Maine Bureau of Insurance Bulletin No. 194, titled "Measuring the loss: inclusion of sales tax in total loss settlements." insured's intention to replace the vehicle—or, by extension, to retain the salvage—does not affect the obligation to include sales tax in the settlement.
MARYLAND	Insurer may (1) offer a replacement auto that is substantially similar (does not address if sales tax and fees are included). Md. Code Regs. § 31.15.12.07, or (2) offer a cash settlement based on the actual cost of a substantially similar vehicle including all applicable taxes and transfer fees. Md. Code Regs. § 31.15.12.04. Insurers have been cited for refusing to reimburse sales tax on a total loss claim under Md. Code Ann., Ins. § 27-303 and § 27-304.	Insurer may only offer a cash settlement based on the actual cost of a substantially similar vehicle including all applicable taxes and transfer fees. Md. Code Regs. §§ 31.15.12.03 and 31.15.12.04. MD Ins. Order 11-25-80.	Carrier required to include sales tax and transfer fees in the claim payment, regardless of whether the insured retains or keeps the salvage vehicle. This obligation is explicitly set forth in the Maryland regulations, which mandate that the minimum cash settlement offer must include the applicable taxes and transfer fees, <u>even if the claimant chooses to keep the salvage</u>. Maryland is Md. Code Regs. 31.15.12.04 (2026).
MASSACHUSETTS	Insurer is only required to pay for the ACV of a vehicle as of the day of the loss, not the cost to replace it. 211 Mass. Code Regs. § 133.05. https://www.mass.gov/service-details/frequently-asked-questions-about-auto-insurance-claims#q2	No applicable statute, case law, or regulation governing recovery of sales tax.	Carrier not obligated to include sales tax in the claim payment unless the insured provides proof of having purchased a replacement vehicle and actually incurred sales tax. Md. Code Regs. 31.15.12.04 (2026).

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
MICHIGAN	No applicable statute, case law, or regulation governing recovery of sales tax.	No third-party collision litigation allowed due to no fault.	Not addressed; no statute, regulation, case law, or DOI guidance requiring payment of sales tax in total loss claims or addressing owner-retained salvage; Michigan no-fault law governs property damage and generally limits recovery to ACV. MCL § 500.3135; MCL § 500.3101 et seq.
MINNESOTA	If the policy provides for the settlement of first-party auto total loss, the insurer may (1) offer a comparable and available replacement vehicle including all applicable taxes, license fees, or other fees, or (2) offer a cash settlement based on the actual cost of a comparable vehicle including all applicable taxes, license fees, or other fees. M.S.A. § 72A.201.	No applicable statute, case law, or regulation governing recovery of sales tax.	Should include all applicable sales tax in the claim payment, regardless of whether the insured retains the salvage vehicle. This obligation arises from the statutory requirement that settlements for total losses must include "all applicable taxes," subject to policy limits and provisions. The statute does not carve out an exception for situations where the insured keeps the salvage; thus, the inclusion of sales tax applies in both standard total loss settlements and owner-retained salvage scenarios. Minn. Stat. § 72A.201.
MISSISSIPPI	The insurer must pay sales taxes, title fees, or license fees unless the policy unambiguously excludes this recovery for total loss claims. MS Bulletin 2007-4.	Jay Evey (Mississippi Department of Insurance) states that MS Bulletin 2007-4 does extend to third parties based on public policy of making the injured party whole. No applicable statute, case law, or regulation governing recovery of sales tax.	Not expressly addressed; DOI Bulletin requires payment of sales tax in total loss claims unless policy unambiguously excludes it, but does not address owner-retained salvage, making issue dependent on policy language and ACV framework. Miss. Ins. Dept. Bulletin 2007-4.
MISSOURI	Unless stated in the policy language, an insurer is not required to reimburse for sales tax. The insured must file a request with the state to have their sales tax refunded. https://insurance.mo.gov/Contribute%20Documents/autoclaimbrochure_002.pdf	No applicable statute, case law, or regulation governing recovery of sales tax.	No authority addressing owner-retained salvage. Missouri Dept. of Ins. Auto Claim Guidance.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
MONTANA	No state sales tax. No applicable statute, case law, or regulation governing recovery of sales tax. Mont. Code Ann. § 27-1-306 states that the insured can only recover the cash value of the vehicle immediately prior to the accident.	No applicable statute, case law, or regulation governing recovery of sales tax.	No state sales tax; no statute, regulation, case law, or DOI guidance addressing sales tax or owner-retained salvage in total loss settlements. Mont. Code Ann. § 27-1-306.
NEBRASKA	Insurer must pay sales tax to put the injured party back into the position they were in before the injury. NE Bulletin CB-49.	Third-party total loss claims are evaluated in the same way as first-party total loss claims. NE Bulletin CB-49.	DOI bulletin requires payment of sales tax to make insured whole in total loss settlements and applies to first- and third-party claims, with no exception for owner-retained salvage. NE DOI Bulletin CB-49.
NEVADA	Insurer must (1) offer a cash settlement based upon the actual cost of a “comparable auto” including all applicable taxes and other fees, or (2) offer a replacement comparable auto including all applicable taxes, license fees, and other fees. Nev. Admin. Code § 686A.680.	No applicable statute, case law, or regulation governing recovery of sales tax.	Carrier obligated to include all applicable sales tax, license fees, and other fees in the claim payment as part of the actual cash value (ACV) or cost to purchase a comparable automobile. The insurer may then deduct a measurable, discernible, and itemized salvage value from the settlement amount. This approach is mandated by the Nevada Administrative Code, which requires that all applicable taxes and fees be included in the settlement, regardless of whether the insured retains the salvage, with any salvage deduction separately specified. Nev. Admin. Code § 686A.680. Likely that carrier cannot simply exclude sales tax from the settlement because the insured keeps the salvage.
NEW HAMPSHIRE	No state sales tax. No applicable statute, case law, or regulation governing recovery of sales tax. N.H. A.D.C. Ins. § 1002.15 describes how to determine reimbursement for total loss claims but does not speak on the topic of sales tax.	No applicable statute, case law, or regulation governing recovery of sales tax.	Carrier must pay only the actual cash value (ACV) of the vehicle minus the salvage value. According to the most recent version of N.H. Admin. Code § Ins 1002.15, there is no explicit requirement for the insurer to include sales tax in the claim payment in this scenario.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
NEW JERSEY	Insurer must offer a cash settlement based upon (1) average retail of substantially similar vehicle, (2) a quotation for a substantially similar vehicle from a dealer located within a reasonable distance, or (3) fair market value, plus applicable sales tax. N.J. Admin. Code § 11:3-10.4.	The requirements for auto physical damage first-party claims found in N.J.A.C. §§ 11:3-10.1 through 10.4 shall also be construed to apply to automobile property damage third-party claims from the time that liability becomes reasonably clear. N.J. Admin. Code § 11:2-17.10.	Carrier obligated to include applicable sales tax in the claim payment. The settlement is based on the ACV of the vehicle, which, by regulation, must include all moneys paid or payable as sales taxes on the vehicle repaired or replaced. The insurer may deduct the salvage value from the settlement, but the inclusion of sales tax in the ACV is not negated by the insured's retention of the salvage. This obligation is established by the New Jersey Administrative Code and confirmed by case law. N.J. Admin. Code § 11:3-10.4; N.J. Admin. Code § 11:3-10.2 (Definitions) defines "actual cash value" to include sales tax as part of ACV calculation. <i>Titus v. West American Ins. Co.</i> , 362 A.2d 1236, 143 N.J.Super. 195 (N.J. Super. 1976).
NEW MEXICO	No applicable statute, case law, or regulation governing recovery of sales tax. However, New Mexico Public Regulation Commission states that after a cash settlement, the insurer must reimburse the state's excise tax, any title fees, and any registration charges.	No applicable statute, case law, or regulation governing recovery of sales tax.	Not expressly addressed; no statute, regulation, or DOI guidance on owner-retained salvage; DOI guidance generally allows reimbursement of excise tax and fees upon total loss, making issue dependent on replacement and policy language.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
NEW YORK	Insurer is required to reimburse the insured with the ACV. This means either repairing the damaged item or replacing it with an item substantially identical including sales tax (sales tax added to the value of the auto prior to the accident before salvage value is taken). N.Y. Comp. Codes R. & Regs. tit. 11, § 216.6. An insurer is not required to include transfer or title fees. https://www.dfs.ny.gov/insurance/ogco2008/r081013.htm#:~:text=An%20insurance%20company%20is%20not,has%20suffered%20a%20total%20loss	Third-party insurers must follow the same rules as first-party insurers. N.Y. Comp. Codes R. & Regs. tit. 11, § 216.0 (Standards for Prompt, Fair and Equitable Settlement of Motor Vehicle Physical Damage Claims) states that these claim practice rules apply to both first and third-party claims. On 5/1/02, the N.Y. Office of General Counsel issued a formal opinion which says that in adjusting a third-party claim for a total loss of a vehicle, the third-party insurer must comply with the requirements in N.Y. Comp. Codes R. & Regs. tit. 11, § 216.7(c)(1), (3), (4) (1999), which specifies how the insurer's minimum offer, subject to applicable deductions, should be computed.	Carrier obligated to include sales tax in the claim payment. This obligation arises from both regulatory and statutory authority, which require that the "actual cash value" (ACV) paid to the insured must include all monies paid or payable as sales taxes on the item repaired or replaced. Additionally, New York law requires insurers to calculate and remit a "tax component" equivalent to the sales tax that would be due if the insured used the entire award to repair or replace the vehicle, typically via a credit voucher. There is no general exception for situations where the insured retains the salvage; the obligation to include sales tax remains unless a specific statutory exception applies. N.Y. Comp. Codes R. & Regs. Tit. 11 § 216.6 ("Standards For Prompt, Fair and Equitable Settlements"); <i>National Ass'n of Independent Insurers v. State</i>, 620 N.Y.S.2d 448, 207 A.D.2d 191 (N.Y. App. Div. 1994). Carrier's obligation to include sales tax in the claim payment for a first-party total loss, even when the insured retains the salvage, is clear and is supported by both regulation and case law. The only exceptions are those specifically enumerated in the statute.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
NORTH CAROLINA	Carrier required to include applicable sales tax and vehicle registration fees as part of the ACV settlement. 11 N.C. Admin. Code 04 .0418.	No applicable statute, case law, or regulation governing recovery of sales tax. Regulation applies to first-party total loss claims under automobile insurance policies in North Carolina. It does not address third-party claims or claims under other types of insurance.	Carrier required to include applicable sales tax and vehicle registration fees as part of the ACV settlement. However, there is a specific exception: if the insured (claimant) elects to retain or keep the salvage vehicle, the insurer is not obligated to include sales tax in the claim payment. Instead, the insurer may deduct the value of the salvage from the ACV and leave the salvage vehicle with the claimant. This approach is mandated by North Carolina administrative regulation. 11 N.C. Admin. Code 04 .0418.
NORTH DAKOTA	No applicable statute, case law, or regulation governing recovery of sales tax. The payment on total loss would be ACV less deductible. ACV is defined as an amount equivalent to the replacement cost of lost or damaged property at the time of loss, less depreciation. https://www.insurance.nd.gov/consumers/insurance/auto	No applicable statute, case law, or regulation governing recovery of sales tax.	Not expressly addressed; no statute, regulation, or DOI guidance on owner-retained salvage. Under North Dakota total loss practice, when an owner elects <i>owner retention</i> of a salvage vehicle, the insurer reduces its cash payout by the salvage value as reflected in the total loss settlement options used by adjusters in the state. The insurer pays the actual cash value less salvage if the insured keeps the vehicle, and without a subsequent replacement transaction that triggers excise (sales) tax, there is no <i>actual</i> sales tax expense incurred by the insured for the insurer to reimburse.
OHIO	Insurer may (1) offer a replacement of like kind and quality including all applicable taxes, license fees, or other fees if the insured provides documentation of the purchase of a replacement auto within 30 days, or (2) offer a cash settlement based on the ACV of a comparable vehicle including all applicable taxes, license fees, or other fees. Insurers must only reimburse sales tax for claim amount, not the replacement vehicle cost. Ohio Admin. Code 3901-1-54.	Ohio Admin. Code 3901-1-54 (C)(3) defines “Claimant” as a first-party claimant or a third-party claimant. Third-party insurers must follow the same rules as first-party insurers.	Ohio requires payment or reimbursement of sales tax on a total loss only when the claimant actually purchases a replacement vehicle and incurs the tax. Sales tax is treated as a replacement-related expense, not an inherent component of ACV. When the owner retains the salvage and does not replace the vehicle, sales tax is not owed. Salvage retention does not independently bar recovery, but proof of replacement and tax paid is required. Ohio Admin. Code 3901-1-54.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
OKLAHOMA	If the policy provides for the settlement of first-party auto total loss, insurer may (1) offer a replacement of like kind and quality including all applicable taxes, license fees, or other fees, or (2) offer a cash settlement based on the ACV of a comparable vehicle including all applicable taxes, license fees, or other fees. Okla. Stat. Ann. tit. 36, § 1250.8.	No applicable statute, case law, or regulation governing recovery of sales tax.	Carrier generally obligated to include sales tax in the claim payment. It must calculate ACV of the vehicle, including all applicable taxes, license fees, and other fees incident to the transfer of ownership, and then may deduct the salvage value from the total settlement. There is no statutory exception when the insured retains the salvage; the deduction is for salvage value only, not for taxes. Carrier must either replace vehicle with all taxes and fees, or chose a cash settlement option which also includes all taxes and fees. Okla. Stat. tit. 36, § 1250.8.
OREGON	No state sales tax in Oregon. If the policy provides for the settlement of first-party auto total loss, insurer may (1) offer a replacement comparable vehicle including all applicable taxes, license fees, or other fees, or (2) offer a cash settlement based on the ACV of a comparable vehicle including all applicable taxes, license fees, or other fees. Or. Admin. R. § 836-080-0240.	Insurer is only required to offer a cash settlement to third-parties including all applicable taxes, license fees, or other fees. Or. Admin. R. § 836-080-0240 (14).	Oregon has no state sales tax at all, so there is no sales tax to include in a total loss settlement whether the owner keeps the salvage or not. Oregon's Department of Consumer and Business Services confirms that total loss settlements are based on actual cash value before the loss, with an adjustment for salvage if the vehicle is retained, but since Oregon imposes no sales tax on vehicle purchases there is simply no tax component to recover or include in a total loss payout. Other applicable fees should be included. Oregon Administrative Rule disclosures explain that if you keep the vehicle the insurer's offer is ACV reduced by salvage value, and that is the basis for settlement. ORS 801.527; OAR 836-080-0240.
PENNSYLVANIA	A total loss is settled based upon the pre-loss fair market value of the damaged vehicle plus the state sales tax on the cost of a replacement vehicle. 27 Pennsylvania Bulletin 306131; Pa. Code § 62.3 (E)(4).	31 Pa. Code § 146.2 defines "claimant" as a first-party claimant, a third-party claimant, or both. However, no other applicable statute, or case law governing recovery of sales tax.	Sales tax is treated as a replacement-related expense, not as an inherent component of ACV. When the insured retains the salvage, the insurer may deduct the salvage value from the settlement, but sales tax is generally payable only if and when the insured actually replaces the vehicle and incurs the tax. Absent a replacement purchase, sales tax is not owed. 31 Pa. Code § 62.3(e)(4).

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
RHODE ISLAND	When the policy provides for the adjustment and settlement of first-party total losses, the Insurer may (1) offer a replacement of like kind and quality including all applicable taxes, license fees, or other fees, or (2) offer a cash settlement based on the ACV of a comparable vehicle including all applicable taxes, license fees, or other fees. R.I. Code R. § 11-5-73:8.	R.I. Code R. § 11-5-73:3 defines “claimant” as a first-party claimant, a third-party claimant, or both. <i>“In order to fully compensate for the loss to the consumer, the insurer must include applicable sales tax in its calculation of settlement value in any total loss claim.”</i>	Must include sales tax as part of the total loss settlement. Sales tax is treated as part of the valuation of a comparable replacement vehicle and is included in the settlement calculation; it is not contingent on the insured actually purchasing a replacement vehicle or incurring the tax. Salvage retention does not eliminate the obligation to include sales tax, although the salvage value may be separately deducted. R.I. Code R. § 11-5-73:8.
SOUTH CAROLINA	South Carolina does not require payment of sales tax or the Infrastructure Maintenance Fee (IMF) generally not recoverable in a third-party property damage claim absent proof that the expense was actually incurred and is legally recoverable as damages. South Carolina tort law measures vehicle damage by repair cost or diminution in value, and there is no statute or regulation requiring a third-party liability insurer to pay sales tax or IMF as part of a total loss settlement. Any recovery depends on proof of an actual, incurred expense and is not automatic. <i>Schulmeyer v. State Farm Fire & Cas. Co.</i> , 579 S.E.2d 132 (S.C. 2003); S.C. Code Ann. § 56-3-627.	Neither sales tax nor the IMF is generally recoverable in a third-party claim unless actually incurred. Property damage measured by repair cost or diminution in value, and there is no statute or regulation requiring a third-party liability insurer to pay sales tax or IMF as part of a total loss settlement. Any recovery depends on proof of an actual, incurred expense and is not automatic. <i>Schulmeyer v. State Farm Fire & Cas. Co.</i> , 579 S.E.2d 132 (S.C. 2003); S.C. Code Ann. § 56-3-627.	Retention of the salvage vehicle does not change the analysis. In both first-party and third-party total loss claims, sales tax or the Infrastructure Maintenance Fee is not recoverable unless expressly provided by policy or actually incurred and legally recoverable. Settlement remains ACV less salvage value, with no tax or IMF included.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
SOUTH DAKOTA	<i>"First-party claims are controlled by the relationship provided by the insurance contract, so the results depend on the policy language."</i> E-mail from Frank Marnell – South Dakota Department of Labor and Regulations. However, no applicable statute, case law, or regulation governing recovery of sales tax.	<i>"Third-party claims are controlled by tort law and sales tax is generally payable on third-party total loss claims".</i> Email from Frank Marnell – South Dakota Department of Labor and Regulations. However, no applicable statute, case law, or regulation governing recovery of sales tax	
TENNESSEE	Sales tax and use tax payable on the value of the damaged auto at the time the loss is owed on all losses. TN Bulletin 9-1-89 (#3). (does not apply to leased vehicles). Tennessee Department of Commerce and Insurance Bulletin 9-1-89C (Sept. 1, 1989) states that sales tax is payable on the value of the damaged automobile at the time of loss and is owed on all total loss claims, including third-party claims. Failure to include sales tax in total loss settlements may constitute an unfair trade practice. Bulletin does not apply to leased vehicles. Bulletin language is not conditioned on replacement purchase, transfer of title, or whether the owner retains salvage; sales tax obligation is tied to the value of the loss vehicle at the time of loss.	Tennessee requires inclusion of sales tax in total loss settlements, including third-party claims. Sales tax is payable on the value of the damaged vehicle at the time of loss and should be included in all settlements; failure to do so may constitute an unfair trade practice. Tenn. Dep't of Commerce & Ins., Bulletin 9-1-89C (Sept. 1, 1989).	No statute, regulation, or case law requiring inclusion of sales tax as part of ACV, and salvage retention does not create an independent obligation to pay sales tax.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
TEXAS	Motor vehicle sale and use tax is not due when insurer takes title to vehicle because of a total loss. However, motor vehicle sale and use tax is due when the insurer purchases a replacement vehicle for the insured on a total loss claim. 34 Tex. Admin. Code § 3.62. Where a policy provides that in the event of a total loss, the carrier's liability would be limited to the "actual cash value of the stolen or damaged property at the time of the loss, reduced by the applicable deductible ... and by its salvage value if [the policyholder] or the owner retain[ed] the salvage," the term "actual cash value" does not include taxes and fees remitted to the state. Taxes and fees paid by the buyer to the state are irrelevant to the question of fair market value because those amounts are not part of the price paid to the seller. <i>Singleton v. Elephant Ins. Co.</i>, 953 F.3d 334 (5th Cir. 2020).	No applicable statute, case law, or regulation directly governing recovery of sales tax. However, in <i>Adams v. ABC Ins. Co.</i>, 264 S.W.3d 424 (Tex. App.—Dallas 2008), the court held that the total loss settlement (which included tax and fees) was some evidence of the pre-accident fair market value of the car. Thus, a subrogated carrier has essentially two arguments. Either the taxes and fees should be considered actual damages (separate and apart from FMV of the vehicle) or they should be considered some evidence as to what the true fair market value is of the vehicle. There is no law indicating that they cannot be recovered.	Sales tax not owed unless policy/statute requires; sales tax not included in ACV when insured keeps salvage. See <i>Singleton v. Elephant Ins. Co.</i>, 953 F.3d 334 (5th Cir. 2020). In <i>Singleton</i>, the court held that when an auto policy limits payment to actual cash value and allows a deduction for salvage if the insured retains the vehicle, "actual cash value" does not include sales tax or title and registration fees. The court reasoned that sales tax is a charge imposed on a later purchase transaction, not a component of the fair market value of the damaged vehicle at the time of loss. Accordingly, when the insured retains the salvage and no replacement purchase occurs, sales tax is not owed as part of the total loss settlement. The Administrative Code (34 Tex. Admin. Code § 3.62) addresses when Texas motor vehicle sales and use tax is triggered. It provides that no sales tax is due when an insurer takes title to a vehicle because of a total loss, and that sales tax is due only when a replacement vehicle is purchased. The regulation confirms that sales tax is transactional, not inherent in vehicle value, and therefore is not part of an ACV payment when the insured retains salvage and no taxable purchase occurs.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
UTAH	Insurer may (1) offer a replacement of like kind and quality including all applicable taxes, license fees, or other fees, or (2) offer a cash settlement based on the actual cost of a comparable vehicle including all applicable taxes, license fees, or other fees. Utah Admin. Code r. § R590-190.	Third-party insurers must follow the same rules as first-party insurers. Utah Admin. Code r. R590-190	Utah requires inclusion of applicable sales tax in a first-party total loss settlement as part of the cost to purchase a comparable vehicle. Sales tax is included in the settlement calculation regardless of whether the insured retains the salvage, with any salvage value deducted separately. Utah Admin. Code R590-190. permits the insurer to deduct the salvage value if the insured elects to retain the vehicle, but it does not authorize the insurer to exclude sales tax from the settlement on that basis. Sales tax is treated as part of the total loss valuation, not as a contingent or replacement-only expense, and salvage retention affects only the salvage deduction, not the tax component.
VERMONT	Insurer may (1) offer a comparable motor vehicle including all applicable taxes, license fees, or other fees, or (2) offer a cash settlement based on the ACV of a comparable vehicle including all applicable taxes, license fees, or other fees. 4-3 Vt. Code R. § 7:8. First-party total loss settlements must be based on the cost of a comparable vehicle, including all applicable sales tax, title, and registration fees. Sales tax is included as part of the valuation and is not conditioned on actual replacement. If the insured retains the salvage, the insurer may deduct the salvage value, but sales tax remains part of the settlement calculation.	Third-party insurers must follow the same rules as first-party insurers. 4-3 Vt. Code R. § 7:9; VT Bulletin 58, 1982.	Retention of the salvage does not change the insurer's obligation. In a first-party total loss, sales tax is included as part of the valuation of a comparable replacement vehicle, and the insurer may then deduct the salvage value if the insured keeps the vehicle. Payment of sales tax is not contingent on actual replacement or transfer of salvage. 4-3 Vt. Code R. § 7:8.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
VIRGINIA	Insurer may (1) offer a replacement vehicle including all applicable taxes, license fees, or other fees, or (2) offer a cash settlement based on the actual cost of a comparable vehicle including all applicable taxes, license fees, or other fees. Insurance Order No. 11607. Insurers have been cited for not promptly reimbursing sales tax, license fees, and title fees under Va. Code Ann. § 38.2-510.	“Insurers are only required to reimburse for sales tax, title fees, and transfer fees in third-party claims if the policy so requires.” E-mail from Virginia Bureau of Insurance. However, no other applicable statute, case law, or regulation governing recovery of sales tax besides Insurance Order No. 11607. Insurers have been cited for not reimbursing sales tax to a third-party total loss claim under Va. Code Ann. § 38.2-510.	Retention of the salvage does not materially change the analysis in a third-party claim. While there is no statute or appellate case expressly mandating payment of sales tax in third-party total loss claims, the Virginia Bureau of Insurance has taken the position through enforcement actions that applicable sales tax, title fees, and transfer fees should be included once liability is reasonably clear, even in third-party claims. Salvage retention permits a deduction for salvage value but does not, by itself, eliminate the expectation that sales tax be included where the claim is otherwise adjusted as a total loss. Va. Code Ann. § 38.2-510; Insurance Order No. 11607.

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
WASHINGTON	Insurer may (1) offer a comparable vehicle, including all applicable taxes, license fees, or other fees, or (2) offer cash settlement including all applicable taxes, license fees, or other fees. Wash. Admin. Code § 284-30-391. License fees, weight-based fees, and other regional fees (urban areas of King, Pierce, or Snohomish counties, an insured may be required to pay Regional Transit Authority (RTA) tax to pay for their local transit-related projects) are calculated on a pro-rata basis so that the insured is compensated for the “unused” portion of the annual taxes and fees. After the ACV, sales tax and applicable pro-rated taxes and fees are added together, the insurer deducts the salvage value from the total amount. First-party coverage under clear ACV provision does not include sales tax because replacement cost considerations apply only when the property is replaced. <i>Holden v. Farmers Ins. Co. of Wash.</i>, 175 P.3d 601 (Wash. App. 2008). However, if ACV provision is ambiguous, policy must be read to include sales tax in calculating the FMV of damaged property, regardless of whether insured replaced the damaged property. <i>Holden v. Farmers Ins. Co. of Wash.</i>, 239 P.3d 344 (Wash. 2010).	As part of settlement amount, include all applicable government taxes and fees that would have been incurred by the claimant if the claimant had purchased the loss vehicle immediately prior to the loss. These taxes and fees must be included in the settlement amount whether the claimant retains or subsequently transfers ownership of the loss vehicle. Wash. Admin. Code 284-30-391(4)(e). Sales tax must be dealt with by insurers “in good faith.” Wash. Office of Ins. Comm., Bulletin No. 89-3 (Apr. 5, 1989). The bulletin notes that in ACV claims, “the cost of repairing and restoring a building or other object to the condition it was in before the loss is not only material, but is the most persuasive evidence of the amount of loss for which the insurer is liable. Obviously, such costs will include sales tax.” WA Bulletin 89-3, 1989; see <i>Holden, supra</i>.	Sales tax must be included in a total loss settlement even when the owner retains the salvage vehicle. Washington regulations expressly require insurers to include all applicable government taxes and fees that would have been incurred had the claimant purchased the loss vehicle immediately prior to the loss, regardless of whether the claimant retains or transfers ownership of the salvage. Salvage retention permits a deduction for salvage value, but it does not eliminate or reduce the obligation to include sales tax as part of the settlement calculation. Wash. Admin. Code § 284-30-391(4)(e). The Washington Supreme Court has likewise recognized that sales tax is part of the loss valuation in total loss claims under ACV frameworks. <i>Holden v. Farmers Ins. Co. of Wash.</i>, 239 P.3d 344 (Wash. 2010).

STATE	FIRST-PARTY CLAIMS	THIRD-PARTY CLAIMS	IF OWNER RETAINS SALVAGE VEHICLE
WEST VIRGINIA	Insurer may (1) offer a substantially similar vehicle to claimant which does not include the reimbursement of sales tax, or (2) offer cash settlement to claimant based on the minimum cash value of the vehicle including an extra 5% of the cash value as reimbursement for any excise tax imposed. W. Va. Code Ann. § 33-6-33; W. Va. Code R. § 114-14-7.	A claimant is defined as a first-party, a third-party, or both. W. Va. Code R. § 114-14-2. Third-party insurers must follow the same rules as first-party insurers.	No requirement to pay sales tax as part of a total loss settlement when insured retains salvage vehicle. The insurer may either offer a comparable replacement vehicle without reimbursing sales tax or make a cash settlement based on the vehicle's value, with an additional statutory allowance intended to cover excise tax. Salvage retention does not create an independent obligation to pay sales tax. W. Va. Code § 33-6-33; W. Va. Code R. § 114-14-7.
WISCONSIN	No applicable statute, case law, or regulation governing recovery of sales tax. Insurers have been cited for not reimbursing sales tax in a total loss claim under Wis. ADC § Ins. 6.11. https://oci.wi.gov/Documents/Consumers/PI-057.pdf ; https://oci.wi.gov/Documents/Consumers/PI-233.pdf#claims .	No applicable statute, case law, or regulation governing recovery of sales tax.	Wisconsin does not have a statute or regulation expressly requiring payment of sales tax in a total loss settlement. When the insured retains the salvage, sales tax is not automatically included as part of ACV and is generally payable only if actually incurred through purchase of a replacement vehicle. The issue is driven by policy language and unfair claims practices enforcement rather than explicit legal mandate. Wis. Admin. Code § Ins 6.11.
WYOMING	No applicable statute, case law, or regulation governing recovery of sales tax.	No applicable statute, case law, or regulation governing recovery of sales tax. It is the WY Dept. of Insurance's position that sales tax is included and is based on the appraised value of the car prior to the accident/loss, but there is no specific case law, statute, rule, or formal opinion or statement that expressly supports that position.	No statute, regulation, or controlling case law requiring inclusion of sales tax in a total loss settlement. When the insured retains the salvage vehicle, sales tax is not automatically included as part of ACV and is generally payable only if actually incurred through purchase of a replacement vehicle. The issue is driven by policy language and informal Department of Insurance guidance rather than binding authority.

These materials and other materials promulgated by Matthiesen, Wickert & Lehrer, S.C. may become outdated or superseded as time goes by. If you should have questions regarding the current applicability of any topics contained in this publication or any publications distributed by Matthiesen, Wickert & Lehrer, S.C., please contact Gary Wickert at gwickert@mwll-law.com. This publication is intended for the clients and friends of Matthiesen, Wickert & Lehrer, S.C. This information should not be construed as legal advice concerning any factual situation and representation of insurance companies and/or individuals by Matthiesen, Wickert & Lehrer, S.C. on specific facts disclosed within the attorney\client relationship. These materials should not be used in lieu thereof in any way.