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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO TAXATION - EXCISE ON MOTOR VEHICLES AND TRAILERS

Introduced By: Representatives McNamara, Barros, Corvese, Azzinaro, and Ackerman

Date Introduced: January 19, 2017

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-34-2, 44-34-3, 44-34-8 and 44-34-11 of the General Laws in
2 Chapter 44-34 entitled "Excise on Motor Vehicles and Trailers" are hereby amended to read as
3 follows:

4 **44-34-2. Assessment -- Valuation -- Proration -- Abatement and cancellation --**
5 **Exemptions from tax.**

6 (a) Except as provided in this section, the tax assessors of each city and town shall assess
7 and levy in each calendar year on every vehicle and trailer registered under chapter 3 of title 31,
8 for the privilege of the registration, an excise measured by its value, as subsequently defined and
9 determined. For the purpose of this excise, the uniform value of each vehicle shall be determined
10 in accordance with the regulations of the vehicle value commission. Any vehicle which is more
11 than twenty-five (25) years old, whether or not the vehicle is an antique motor car as defined in §
12 31-1-3(a), shall be deemed to possess an average retail value of five hundred dollars (\$500). Any
13 vehicle more than twenty-five (25) years old on June 16, 1987, whether or not the vehicle is an
14 antique motor car as defined in § 31-1-3(a), shall be deemed to have an average retail value of
15 five hundred dollars (\$500) or its actual retail value whichever is less. The minimum excise tax
16 on any vehicle, if registered to the same owner for a full year or portion of the year, shall not be
17 less than five dollars (\$5.00) unless the registration is transferred to one or more additional
18 vehicles or trailers, in which case the minimum or combined excise taxes shall not be less than
19 five dollars (\$5.00). Beginning in fiscal year 2001, the assessor may, but is not required to, issue

1 minimum tax bills as authorized by this section or any general or public law. Beginning in fiscal
2 year 2002 and thereafter, the assessor shall not issue minimum tax bills, notwithstanding any
3 general or public law to the contrary. The assessor may waive the excise tax on any vehicle where
4 the annual levy would be less than five dollars (\$5.00). The state shall not provide reimbursement
5 for any waiver.

6 (b) Vehicle and trailer excises shall be prorated over the calendar year prior to the year in
7 which the excises are levied and billed, that year being referred to as the calendar year of
8 proration.

9 (c) The excise levy on every vehicle and trailer registered under chapter 3 of title 31 shall
10 be based on the ratio that the number of days the vehicle or trailer is registered is to the number of
11 days in the calendar year of proration.

12 (d) If during the calendar year of proration, the owner of a vehicle or trailer subject to the
13 excise moves permanently with his or her vehicle to another state and cancels his or her
14 registration in this state and returns the registration plates, the vehicle shall be exempt from excise
15 for the ensuing year.

16 (e) "Year of manufacture" as used in this section means the year used by the
17 manufacturer of the vehicle or trailer in connection with the designation by the manufacturer of
18 the model of the vehicle or trailer. Where the presumptive price of a vehicle or trailer is not
19 readily obtainable, or special equipment is installed on the vehicle or trailer, the tax assessor shall
20 prescribe the retail price to be used or the manner in which the retail price shall be determined.

21 (f) Nothing in this section shall be construed to prevent any city or town council from
22 granting an abatement, in whole or in part, when there is an error in the assessment of a tax, and
23 the tax assessors have certified to the fact, in writing, to the city or town council to cancel taxes
24 stating the nature of the error, the valuation of the vehicle or trailer, the amount of the assessed
25 tax and the name of the person to whom the vehicle or trailer was taxed.

26 (g) The city or town council may cancel, in whole or in part, an excise tax assessed to a
27 person who has died leaving no estate, or a person who has moved from the state, and the tax
28 collector or person acting in the capacity of tax collector certifies to the city or town council the
29 facts of the case.

30 (h) The excise imposed by this section shall not apply to vehicles or trailers owned by the
31 state of Rhode Island or any of its political subdivisions, or to vehicles or trailers owned by a
32 corporation, association or other organization whose tangible personal property is exempt under §
33 44-3-3(1) -- (15), or to vehicles assessed and taxed under § 44-13-13, or those owned by the
34 United States government. Farm vehicles shall be exempt to the extent prescribed in § 44-5-42.

1 (i) Provided, notwithstanding the provisions of subsections (a) through (h) herein,
2 effective July 1, 2018, and thereafter, any assessments or calculations of the value of any motor
3 vehicle for purposes of this chapter shall use the average trade-in value of the vehicle, of the year
4 in which a tax is being assessed or payments are being made by the state to a municipality or fire
5 district.

6 ~~**44-34-3. Assessment roll --- Rate --- Payment --- Penalty upon non-payment.**~~

7 **Assessment roll -- Rate based on average trade-in value -- elimination of excise tax.**

8 (a) The assessor, on the basis of a list of uniform values for motor vehicles prepared by
9 the Rhode Island vehicle value commission pursuant to § 44-34-8, shall make a list containing the
10 value of every vehicle and trailer in the city or town which is subject to the provisions of § 44-34-
11 2, the values to be at the average ~~retail~~ trade-in price as determined under § 44-34-2 or at a
12 uniform percentage of these, not to exceed one hundred percent (100%), to be determined by the
13 assessors in each city or town; provided, that every vehicle and trailer in the city of Pawtucket
14 shall be assessed in accordance with §§ 44-5-20.1 and 44-5-20.2; provided, further, that motor
15 vehicles owned, leased, or utilized by rental companies, as those terms are defined in § 31-34.1-1,
16 shall not be valued for excise tax purposes at an amount greater than the National Automobile
17 Dealers Association average ~~retail~~ trade-in value for new vehicles for the year and vehicle model
18 in question.

19 (b) The excise tax levy shall be applied to the excise assessment roll at the rate
20 established by the assessors for all other property except manufacturer's machinery and
21 equipment in accordance with § 44-5-22 and the resulting tax roll shall be certified by the
22 assessors to the city or town clerk, treasurer, or tax collector, as the case may be, not later than
23 June 15 next succeeding. Prior to the resulting tax roll being certified to the Pawtucket city clerk,
24 the excise levy shall be applied to the excise assessment roll in accordance with the property tax
25 classification described in §§ 44-5-20.3 and 44-5-20.5. In the city of Woonsocket, the excise tax
26 levy shall be applied to the excise assessment roll at a rate that will produce no more than
27 nineteen percent (19%) of the total tax levy as prescribed in § 44-5-11.6. In the town of Lincoln,
28 the excise tax levy shall be applied to the excise assessment roll at a rate that produces an amount
29 equal to no more than seventeen percent (17%) of the total real estate tax levy.

30 (c) If any vehicle or trailer liable to taxation in any city or town has been omitted from
31 the tax roll, the tax assessment shall assess the vehicle or trailer on a supplemental excise
32 assessment roll and shall certify the assessment to the tax collector after June 15, but not later
33 than December 31 next succeeding.

34 (d) As soon after this as possible, the tax collector shall cause excise bills to be sent by

1 first class mail to all persons, corporations, partnerships, joint stock companies, or associations
2 that have registered vehicles or trailers during the calendar year of proration. The bills shall be
3 paid in accordance with § 44-5-7 at the same time and on the same schedule as property tax bills.
4 Failure to pay the excise at the appropriated time shall bring about a penalty of eighteen percent
5 (18%) per annum, or, in the case of the city of Cranston, a penalty of twelve percent (12%) per
6 annum which applies on the date of the delinquency or, for any city or town fiscal year
7 commencing between January 1, 1980, and December 31, 1980, after approval by the proper local
8 authority, at the same rate of interest as that which is applied to delinquent property taxes in the
9 taxing jurisdiction.

10 (e) Failure by the tax collector to send, or by the taxpayer to receive, a bill shall not
11 excuse the nonpayment of the tax or affect its validity or any proceedings for the collection.

12 (f) This section does not apply to any and all entities which are exempt from the excise as
13 prescribed in § 44-34-2.

14 (g)(1) Effective July 1, 2018, the motor vehicle and trailer excise tax established by this
15 chapter, shall be phased-out over a five (5) year period, commencing with the fiscal year
16 beginning on July 1, 2018. The phase-out shall apply to all motor vehicles and trailers, including
17 leased vehicles. The excise tax phase-out shall provide levels of assessed value reductions until
18 the tax is eliminated.

19 (2) During each year of the excise tax phase-out, and thereafter, any assessments or
20 calculations of the value of any motor vehicle for purposes of this chapter shall use the average
21 trade-in value of the vehicle, of the year in which a tax is being assessed or payments are being
22 made by the state to a taxing authority. The average trade-in value shall be calculated pursuant to
23 standards and procedures designated and employed by the vehicle value commission.

24 (h) The motor vehicle excise tax phase-out shall commence with the excise tax bills
25 issued to taxpayers on or after July 1, 2018. The tax assessors of the various cities, towns, and
26 fire districts, using the average trade-in value of the motor vehicle for their assessment, shall
27 reduce the average trade-in value of each vehicle assessed for purposes of taxation by using the
28 prorated exemptions from the following table:

<u>Fiscal year commencement date</u>	<u>Percent of reduction of the vehicle's</u> <u>average trade-in value</u>
<u>July 1, 2018</u>	<u>Twenty percent (20%)</u>
<u>July 1, 2019</u>	<u>Forty percent (40%)</u>
<u>July 1, 2020</u>	<u>Sixty percent (60%)</u>
<u>July 1, 2021</u>	<u>Eighty percent (80%)</u>

1 July 1, 2022, and thereafter One-hundred percent (100%).

2 (i) During each year of the phase-out period set forth in subsection (h) of this section, tax
3 rates shall be frozen and stabilized at the rates set for FY 2018.

4 (j) Each city, town, and fire district shall be indemnified by the state for the loss in tax
5 revenue resulting from application of this section. Said indemnification shall be provided by the
6 state through appropriations made for the fiscal year immediately following the fiscal year where
7 the city, town and fire district experienced a reduction in revenue.

8 (k) The first one hundred percent (100%) reimbursement shall be made commencing with
9 the fiscal year beginning on July 1, 2023. During the five (5) year period from FY 2019 to FY
10 2023, there shall be no adjustment for inflation and tax rates shall remain frozen and stabilized at
11 the rates set for FY 2018. Thereafter, tax rates shall be indexed to inflation tied to the consumer
12 price index, through the applicable current fiscal year. Reimbursement for revenue losses shall be
13 calculated based upon the average trade-in value for each vehicle.

14 (l) Cities, towns, and fire districts may provide an additional exemption beyond the rate
15 set forth in subsection (h) of this section; however, any such additional exemption shall not be
16 subject to reimbursement from the state. Current exemptions shall remain in effect as provided in
17 this chapter.

18 **44-34-8. Appeal procedure.**

19 (a) (1) Any taxpayer aggrieved by a valuation may appeal that valuation to the tax
20 assessor within forty-five (45) days of notice of valuation by presenting to the tax assessor a
21 certified appraisal that reflects the value of the vehicle on the date of the assessment from a
22 licensed motor vehicle dealer as determined by chapter 5 of title 31. Provided, however, that the
23 appraisal so conducted shall reference any additional mileage or wear and tear which may have
24 accumulated during the period between the assessment and the appeal and that said additional
25 mileage and wear and tear shall not be considered as part of the appeal. When the valuation of the
26 vehicle has been made by the assessor, the assessor shall render a decision within ~~ten (10)~~ thirty
27 (30) days of the filing of the appeal. ~~When the valuation of the vehicle has been made by the~~
28 ~~Rhode Island vehicle valuation commission, the assessor shall forward the appeal on the form~~
29 ~~provided by the commission to the Rhode Island vehicle valuation commission within ten (10)~~
30 ~~days. The commission shall transmit its decision to the tax assessor within twenty (20) days of the~~
31 ~~receipt of the appeal.~~

32 ~~(2) The tax assessor shall notify the aggrieved taxpayer, in writing, of the commission~~
33 ~~decision within ten (10) days of the receipt of the commission decision.~~

34 (b) Within thirty (30) days of the notification of the decision of the tax assessor or the

1 commission, an aggrieved taxpayer may appeal the decision to the district court for the judicial
2 division within which the city or town is located.

3 (c) A party aggrieved by a final order of the district court may seek review of this order in
4 the state supreme court by writ of certiorari. The petition for a writ of certiorari shall state the
5 errors claimed. Upon the filing of the petition with the clerk of the supreme court, the supreme
6 court may, if it sees fit, issue its writ of certiorari to the district court to certify to the supreme
7 court the record of the proceeding under review, or so much of this as was submitted to the
8 district court by the parties, together with any additional record of the proceedings in the district
9 court.

10 **44-34-11. Rhode Island vehicle value commission.**

11 (a) There is hereby authorized, created, and established the "Rhode Island vehicle value
12 commission" whose function it is to establish presumptive values of vehicles and trailers subject
13 to the excise tax.

14 (b) The commission shall consist of the following seven (7) members as follows:

15 (1) The director of the department of revenue or his/her designee from the department of
16 revenue;

17 (2) Five (5) local tax officials named by the governor, at least one of whom shall be from
18 a city or town under ten thousand (10,000) population and at least one of whom is from a city or
19 town over fifty thousand (50,000) population in making these appointments the governor shall
20 give due consideration to the recommendations submitted by the President of the Rhode Island
21 League of Cities and Towns and each appointment shall be subject to the advice and consent of
22 the senate;

23 (3) And one motor vehicle dealer appointed by the governor upon giving due
24 consideration to the recommendation of the director of revenue and subject to the advice and
25 consent of the senate.

26 (4) All members shall serve for a term of three (3) years.

27 (5) Current legislative appointees shall cease to be members of the commission upon the
28 effective date of this act. Non-legislative appointees to the commission may serve out their terms
29 whereupon their successors shall be appointed in accordance with this act. No one shall be
30 eligible for appointment to the commission unless he or she is a resident of this state.

31 (6) Public members of the commission shall be removable by the governor pursuant to §
32 36-1-7 for cause only, and removal solely for partisan or personal reasons unrelated to capacity or
33 fitness for the office shall be unlawful.

34 (7) The governor shall appoint a chairperson from the commission's members. The

1 commission shall elect from among its members other officers as it may deem appropriate.

2 (c) The commission shall annually determine the presumptive values of vehicles and
3 trailers subject to the excise tax in the following manner:

4 (1) Not earlier than September 30 and not later than December 31 of each year, the
5 commission shall by rule adopt a methodology for determining the presumptive value of vehicles
6 and trailers subject to the excise tax which shall give consideration to the following factors:

7 (i) The average ~~retail~~ trade-in price value of similar vehicles of the same make, model,
8 type, and year of manufacture as reported by motor vehicle dealers or by official used car guides,
9 such as that of the National Automobile Dealers Association for New England. Where regional
10 guides are not available, the commission shall use other publications deemed appropriate; and

11 (ii) Other information concerning the average ~~retail~~ trade-in prices values for make,
12 model, type, and year of manufacture of motor vehicles as the director and the Rhode Island
13 vehicle value commission may deem appropriate to determine fair values.

14 (2) On or before February 1 of each year, it shall adopt a list of values for vehicles and
15 trailers of the same make, model, type, and year of manufacture as of the preceding December 31
16 in accordance with the methodology adopted between September 30 and December 31; the list
17 shall be subject to a public hearing at least five (5) business days prior to the date of its adoption.

18 (3) Nothing in this section shall be deemed to require the commission to determine the
19 presumptive value of vehicles and trailers which are unique, to which special equipment has been
20 added or to which special modifications have been made, or for which adequate information is
21 not available from the sources referenced in subdivision (1) of this subsection; provided, that the
22 commission may consider those factors in its lists or regulations.

23 (4) The commission shall annually provide the list of presumptive values of vehicles and
24 trailers to each tax assessor on or before February 15 of each year.

25 (d) The commission shall adopt rules governing its organization and the conduct of its
26 business; prior to the adoption of the rules, the chair shall have the power to call meetings, and a
27 simple majority of the members of the commission, as provided for in subsection (b) of this
28 section, is necessary for a quorum, which quorum by majority vote shall have the power to
29 conduct business in the name of the commission. The commission may adopt rules and elect from
30 among its members such other officers as it deems necessary.

31 (e) The commission shall have the power to contract for professional services that it
32 deems necessary for the development of the methodology for determining presumptive values, for
33 calculating presumptive values according to the methodology, and for preparing the list of
34 presumptive values in a form and format that is generally usable by cities and towns in their

1 preparation of tax bills. The commission shall also have the power to incur reasonable expenses
2 in the conduct of its business as required by this chapter and to authorize payments for the
3 expenses.

4 (f) Commission members shall receive no compensation for the performance of their
5 duties but may be reimbursed for their reasonable expenses incurred in carrying out such duties.

6 (g) The commission shall respond to petitions of appeal by local boards of review in
7 accordance with the provisions of § 44-34-9.

8 (h) The commission shall establish, by rule, procedures for adopting an annual budget
9 and for administering its finances. After July 1, 1986, one-half (1/2) of the cost of the
10 commission's operations shall be borne by the state and one-half (1/2) shall be borne by cities and
11 towns within the state, with the city and town share distributed among cities and towns on a per
12 capita basis.

13 (i) Within ninety (90) days after the end of each fiscal year, the commission shall approve
14 and submit an annual report to the governor, the speaker of the house of representatives, the
15 president of the senate, and the secretary of state of its activities during that fiscal year. The report
16 shall provide: an operating statement summarizing meetings or hearings held, meeting minutes if
17 requested, subjects addressed, decisions rendered, rules or regulations promulgated, studies
18 conducted, policies and plans developed, approved, or modified, and programs administered or
19 initiated; a consolidated financial statement of all funds received and expended including the
20 source of the funds, a listing of any staff supported by these funds, and a summary of any clerical,
21 administrative or technical support received; a summary of performance during the previous
22 fiscal year including accomplishments, shortcomings and remedies; a synopsis of hearings,
23 complaints, suspensions, or other legal matters related to the authority of the commission; a
24 summary of any training courses held pursuant to this subsection, a briefing on anticipated
25 activities in the upcoming fiscal year; and findings and recommendations for improvements. The
26 report shall be posted electronically on the general assembly and the secretary of state's websites
27 as prescribed in § 42-20-8.2. The director of the department of revenue shall be responsible for
28 the enforcement of this provision.

29 SECTION 2. This act shall take effect on July 1, 2018.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION - EXCISE ON MOTOR VEHICLES AND TRAILERS

1 This act would provide for the reduction and elimination of the motor vehicle excise tax
2 over a five (5) years period, from fiscal year 2018 to fiscal year 2022. The tax would be
3 completely eliminated by fiscal year 2022, and this elimination would continue thereafter. The act
4 would also provide that cities, towns and fire districts would be reimbursed from state funds for
5 the revenues lost by the reduction and elimination of the excise tax.

6 This act would take effect on July 1, 2018.

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