

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T

RELATING TO TAXATION -- MOTOR VEHICLE EXCISE TAX AND REAL ESTATE
PROPERTY TAX

Introduced By: Senators Ciccone, Jabour, Miller, Cote, and Lombardo

Date Introduced: February 16, 2017

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 44 of the General Laws entitled "TAXATION" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 34.2

4 MOTOR VEHICLE EXCISE TAX EQUALIZATION ACT

5 **44-34.2-1. Findings.**

6 The general assembly hereby makes the following findings:

7 (1) Based upon the December 31, 2014, motor vehicle excise tax rate levied, every city
8 and town has a different motor vehicle tax rate, ranging from nine dollars and seventy-five cents
9 (\$9.75) per one thousand dollars (\$1,000) of valuation in New Shoreham to sixty dollars (\$60.00)
10 per one thousand dollars (\$1,000) of valuation in Providence.

11 (2) Based upon the motor vehicle tax rate levied for all cities and towns as of December
12 31, 2014, the statewide average was twenty-nine dollars and ten cents (\$29.10) per one thousand
13 dollars (\$1,000) of valuation.

14 (3) Based upon the December 31, 2014, motor vehicle excise tax levy in each
15 municipality, if on a statewide motor vehicle tax rate of twenty-nine dollars and ten cents
16 (\$29.10) per one thousand dollars (\$1,000) of valuation was enacted, eighteen (18) cities and
17 towns would lose tax revenue and twenty-one (21) cities and towns would benefit.

18 **44-34.2-2. Statewide motor vehicle excise tax rate.**

1 Notwithstanding any provision of the general law to the contrary:

2 (1) Effective December 31, 2017, no city or town shall set its own motor vehicle excise
3 tax levy.

4 (2) Commencing on December 31, 2017, there shall be a statewide uniform motor vehicle
5 tax rate of twenty-nine dollars and ten cents (\$29.10) per one thousand dollars (\$1,000) of motor
6 vehicle valuation.

7 **44-34.2-3. Motor vehicle excise tax rate equalization program.**

8 (a) Each city or town that financially benefits from the application of a statewide uniform
9 tax levy of twenty-nine dollars and ten cents (\$29.10), when compared to the prior year's motor
10 vehicle excise tax revenue, may retain fifty percent (50%) of its financial benefit.

11 (b) The other fifty percent (50%) of their financial benefit shall be paid into the motor
12 vehicle tax equalization fund established by §44-34.2-4.

13 **44-34.2-4. Motor vehicle excise tax equalization fund.**

14 (a) There is hereby established the motor vehicle tax equalization fund to reimburse cities
15 and towns for the tax revenue they lost due to the establishment of a statewide motor vehicle tax
16 levy rate by §44-34.2-2.

17 (b) The fund shall be administered by the director of revenue who is the head of the
18 department of revenue within the executive branch of state government created by §42-142-1.

19 (c) The fund shall be partially funded yearly by cities and towns that have financially
20 benefitted from the adoption of a statewide motor vehicle excise tax rate in §44-34.2-2, in
21 accordance with §44-34.2-3(a).

22 (d) The fund shall also receive all monies yearly allotted by the general assembly
23 pursuant to §44-34.1-1(c)(1) concerning the motor vehicle excise tax phase-out exemption. These
24 funds shall be utilized by the cities and towns for the sole purpose of real estate property tax
25 relief.

26 (e) Commencing on July 1, 2018, the fund shall also receive all fees generated by the
27 division of motor vehicles through §§31-3.1-6 and 31-41.1-11 and chapters 3, 6, 10 and 10.1 of
28 title 31.

29 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION -- MOTOR VEHICLE EXCISE TAX AND REAL ESTATE
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1 This act would create a statewide uniform motor vehicle excise tax rate, and would
2 establish a fund to reimburse the cities and towns that will financially lose taxes due to the
3 enactment of the rate. It would be funded by motor vehicle related fees and the motor vehicle
4 excise tax phase-out exemption would be paid by the state to the cities and towns for the sole
5 purpose of providing real estate property tax relief.

6 This act would take effect upon passage.

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