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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO TAXATION - MOTOR VEHICLE AND TRAILER EXCISE TAX  
ELIMINATION ACT OF 1998

Introduced By: Representatives Medina, Menard, Carnevale, Williams, and DaSilva

Date Introduced: February 02, 2012

Referred To: House Municipal Government

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 44-34.1-1 of the General Laws in Chapter 44-34.1 entitled "Motor  
2   Vehicle and Trailer Excise Tax Elimination Act of 1998" is hereby amended to read as follows:  
3           **44-34.1-1. Excise tax phase-out.** -- (a) (1) Notwithstanding the provisions of chapter 34  
4   of this title or any other provisions to the contrary, the motor vehicle and trailer excise tax  
5   established by section 44-34-1 may be phased out. The phase-out shall apply to all motor vehicles  
6   and trailers, including leased vehicles. (2) Lessors of vehicles that pay excise taxes directly to  
7   municipalities shall provide lessees, at the time of entering into the lease agreement, an estimate  
8   of annual excise taxes payable throughout the term of the lease. In the event the actual excise tax  
9   is less than the estimated excise tax, the lessor shall annually rebate to the lessee the difference  
10   between the actual excise tax and the estimated excise tax. (b) Pursuant to the provisions of this  
11   section, all motor vehicles shall be assessed a value by the vehicle value commission. That value  
12   shall be assessed according to the provisions of section 44-34-11(c)(1) and in accordance with the  
13   terms as defined in subsection (d) of this section; provided, however, that the maximum taxable  
14   value percentage applicable to model year values as of December 31, 1997, shall continue to be  
15   applicable in future year valuations aged by one year in each succeeding year. (c) (1) The motor  
16   vehicle excise tax phase-out shall commence with the excise tax bills mailed to taxpayers for the  
17   fiscal year 2000. The phase-out, beyond fiscal year 2003, shall be subject to annual review and  
18   appropriation by the general assembly. The tax assessors of the various cities and towns and fire

1 districts shall reduce the average retail value of each vehicle assessed by using the prorated  
2 exemptions from the following table:

3	Local Fiscal Year =2 State fiscal year
4	Exempt from value Local Exemption Reimbursement
5	fiscal year 1999 \$1,500
6	fiscal year 2000 \$1,500 \$2,500
7	fiscal year 2001 \$2,500 \$3,500
8	fiscal year 2002 \$3,500 \$4,500
9	fiscal years 2003, 2004
10	and 2005 \$4,500 \$4,500
11	for fiscal year 2006 and \$5,000 \$5,000
12	for fiscal year 2007 \$6,000 \$6,000

13 For fiscal years 2008, 2009 and 2010 the exemption and the state fiscal year  
14 reimbursement shall be increased, at a minimum, to the maximum amount to the nearest two  
15 hundred and fifty dollar (\$250) increment within the allocation of one and twenty-two hundredths  
16 percent (1.22%) of net terminal income derived from video lottery games pursuant to the  
17 provisions of section 42-61-15, and in no event shall the exemption in any fiscal year be less than  
18 the prior fiscal year.

19 ~~for~~ For fiscal year 2011 and thereafter, the exemption shall be five hundred dollars  
20 (\$500). Cities and towns may provide an additional exemption; provided, however, any such  
21 additional exemption shall not be subject to reimbursement.

22 For fiscal year 2012 and thereafter, the exemption shall be three thousand dollars  
23 (\$3,000). Cities and towns may provide an additional exemption; provided, however, any such  
24 additional exemption shall not be subject to reimbursement.

25 (2) The excise tax phase-out shall provide levels of assessed value reductions until the tax  
26 is eliminated or reduced as provided in this chapter.

27 (3) Current exemptions shall remain in effect as provided in this chapter.

28 (4) The excise tax rates and ratios of assessment shall be maintained at a level identical to  
29 the level in effect for fiscal year 1998 for each city, town, and fire district; provided, in the town  
30 of Johnston the excise tax rate and ratios of assessment shall be maintained at a level identical to  
31 the level in effect for fiscal year 1999 levels and the levy of a city, town, or fire district shall be  
32 limited to the lesser of the maximum taxable value or net assessed value for purposes of  
33 collecting the tax in any given year. Provided, however, for fiscal year 2011 and thereafter, the  
34 rates and ratios of assessment may be less than but not more than the rates described in this

1 subsection (4).

2 (d) Definitions.

3 (1) "Maximum taxable value" means the value of vehicles as prescribed by section 44-34-  
4 11 reduced by the percentage of assessed value applicable to model year values as determined by  
5 the Rhode Island vehicle value commission as of December 31, 1997, for the vehicles valued by  
6 the commission as of December 31, 1997. For all vehicle value types not valued by the Rhode  
7 Island vehicle value commission as of December 31, 1997, the maximum taxable value shall be  
8 the latest value determined by a local assessor from an appropriate pricing guide, multiplied by  
9 the ratio of assessment used by that city, town, or fire district for a particular model year as of  
10 December 31, 1997.

11 (2) "Net assessed value" means the motor vehicle values as determined in accordance  
12 with section 44-34-11 less all personal exemptions allowed by cities, towns, fire districts, and the  
13 state of Rhode Island exemption value as provided for in section 44-34.1-1(c)(1).

14 (e) If any provision of this chapter shall be held invalid by any court of competent  
15 jurisdiction, the remainder of this chapter and the applications of the provisions hereof shall not  
16 be effected thereby.

17 SECTION 2. Section 44-34-11 of the General Laws in Chapter 44-34 entitled "Excise on  
18 Motor Vehicles and Trailers" is hereby amended to read as follows:

19 **44-34-11. Rhode Island vehicle value commission.** -- (a) There is hereby authorized,  
20 created, and established the "Rhode Island vehicle value commission" whose function it is to  
21 establish presumptive values of vehicles and trailers subject to the excise tax.

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

23 (1) The director of the department of revenue or his/her designee from the department of  
24 revenue, who shall serve as chair;

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

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

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

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

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

8 (7) The governor shall appoint a chairperson from the commission's members. The  
9 commission shall elect from among its members other officers as it may deem appropriate.

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

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

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

19 (ii) Other information concerning the average retail prices for make, model, type, and  
20 year of manufacture of motor vehicles as the director and the Rhode Island vehicle value  
21 commission may deem appropriate to determine fair values.

22 [\(iii\) The mileage of the vehicle.](#)

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

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

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

34 (d) The commission shall adopt rules governing its organization and the conduct of its

1 business; prior to the adoption of the rules, the chair shall have the power to call meetings, and a  
2 simple majority of the members of the commission, as provided for in subsection (b) of this  
3 section, is necessary for a quorum, which quorum by majority vote shall have the power to  
4 conduct business in the name of the commission. The commission may adopt rules and elect from  
5 among its members such other officers as it deems necessary.

6 (e) The commission shall have the power to contract for professional services that it  
7 deems necessary for the development of the methodology for determining presumptive values, for  
8 calculating presumptive values according to the methodology, and for preparing the list of  
9 presumptive values in a form and format that is generally usable by cities and towns in their  
10 preparation of tax bills. The commission shall also have the power to incur reasonable expenses  
11 in the conduct of its business as required by this chapter and to authorize payments for the  
12 expenses.

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

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

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

22 (i) Within ninety (90) days after the end of each fiscal year, the commission shall approve  
23 and submit an annual report to the governor, the speaker of the house of representatives, the  
24 president of the senate, and the secretary of state of its activities during that fiscal year. The report  
25 shall provide: an operating statement summarizing meetings or hearings held, meeting minutes if  
26 requested, subjects addressed, decisions rendered, rules or regulations promulgated, studies  
27 conducted, policies and plans developed, approved, or modified, and programs administered or  
28 initiated; a consolidated financial statement of all funds received and expended including the  
29 source of the funds, a listing of any staff supported by these funds, and a summary of any clerical,  
30 administrative or technical support received; a summary of performance during the previous  
31 fiscal year including accomplishments, shortcomings and remedies; a synopsis of hearings,  
32 complaints, suspensions, or other legal matters related to the authority of the commission; a  
33 summary of any training courses held pursuant to this subsection, a briefing on anticipated  
34 activities in the upcoming fiscal year; and findings and recommendations for improvements. The

1 report shall be posted electronically on the general assembly and the secretary of state's websites  
2 as prescribed in section 42-20-8.2. The director of the department of revenue shall be responsible  
3 for the enforcement of this provision.

4 SECTION 3. 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 AND TRAILER EXCISE TAX  
ELIMINATION ACT OF 1998

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1           This act would provide that any vehicle valued at \$3,000 or less shall be exempt from the  
2 motor vehicle and trailer excise tax and would add the vehicle's mileage to the factors to be  
3 considered when determining a vehicle's value for taxation purposes.

4           This act would take effect upon passage.

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