

2013 -- H 5369

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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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 Shekarchi, Serpa, Bennett, McNamara, and Giarrusso

Date Introduced: February 12, 2013

Referred To: House Finance

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 (1) Local Fiscal Year State fiscal year

4 Exempt from value Local Exemption Reimbursement

5 fiscal year 1999 0 \$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

12 \$5,000 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 fiscal ~~year~~ years 2011, 2012 and 2013, ~~thereafter~~, the exemption shall be five hundred
20 dollars (\$500). Cities and towns may provide an additional exemption; provided, however, any
21 such additional exemption shall not be subject to reimbursement.

22 (2) For fiscal year 2014 and thereafter: (i) A flat tax of no more than six hundred dollars
23 (\$600) per year shall be imposed on any motor vehicle deemed by the Rhode Island motor vehicle
24 commission to be less than three (3) years old; and (ii) A flat tax of no more than three hundred
25 sixty dollars (\$360) per year shall be imposed on any motor vehicle deemed by the Rhode Island
26 motor vehicle commission to be more than three (3) years old.

27 ~~(2)~~(3) The excise tax phase-out shall provide levels of assessed value reductions until the
28 tax is eliminated or reduced as provided in this chapter.

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

30 ~~(4) The excise tax rates and ratios of assessment shall be maintained at a level identical to~~
31 ~~the level in effect for fiscal year 1998 for each city, town, and fire district; provided, in the town~~
32 ~~of Johnston the excise tax rate and ratios of assessment shall be maintained at a level identical to~~
33 ~~the level in effect for fiscal year 1999 levels and the levy of a city, town, or fire district shall be~~
34 ~~limited to the lesser of the maximum taxable value or net assessed value for purposes of~~

1 ~~collecting the tax in any given year. Provided, however, for fiscal year 2011 and thereafter, the~~
2 ~~rates and ratios of assessment may be less than but not more than the rates described in this~~
3 ~~subsection (4).~~

4 (d) Definitions.

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

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

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

19 SECTION 2. This act shall take effect on January 1, 2014.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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

1 This act would eliminate motor vehicle excise tax exemptions and, in their place, impose
2 an excise tax in a flat amount of six hundred dollars (\$600) for motor vehicles that are less than
3 three (3) years old and three hundred sixty dollars (\$360) for motor vehicles that are more than
4 three (3) years old.

5 This act would take effect on January 1, 2014.

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