

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30

## ARTICLE 11 AS AMENDED

### RELATING TO TAXATION -- EXCISE ON MOTOR VEHICLES AND TRAILERS

SECTION 1. Sections 44-5-2 and 44-5-22 of the General Laws in Chapter 44-5 entitled "Levy and Assessment of Local Taxes" are hereby amended to read as follows:

**44-5-2. Maximum levy.**

(a) Through and including its fiscal year 2007, a city or town may levy a tax in an amount not more than five and one-half percent (5.5%) in excess of the amount levied and certified by that city or town for the prior year. Through and including its fiscal year 2007, but in no fiscal year thereafter, the amount levied by a city or town is deemed to be consistent with the five and one-half percent (5.5%) levy growth cap if the tax rate is not more than one hundred and five and one-half percent (105.5%) of the prior year's tax rate and the budget resolution or ordinance, as applicable, specifies that the tax rate is not increasing by more than five and one-half percent (5.5%) except as specified in subsection (c) of this section. In all years when a revaluation or update is not being implemented, a tax rate is deemed to be one hundred five and one-half percent (105.5%) or less of the prior year's tax rate if the tax on a parcel of real property, the value of which is unchanged for purpose of taxation, is no more than one hundred five and one-half percent (105.5%) of the prior year's tax on the same parcel of real property. In any year through and including fiscal year 2007 when a revaluation or update is being implemented, the tax rate is deemed to be one hundred five and one-half percent (105.5%) of the prior year's tax rate as certified by the division of property valuation and municipal finance in the department of revenue.

(b) In its fiscal year 2008, a city or town may levy a tax in an amount not more than five and one-quarter percent (5.25%) in excess of the total amount levied and certified by that city or town for its fiscal year 2007. In its fiscal year 2009, a city or town may levy a tax in an amount not more than five percent (5%) in excess of the total amount levied and certified by that city or town for its fiscal year 2008. In its fiscal year 2010, a city or town may levy a tax in an amount not more than four and three-quarters percent (4.75%) in excess of the total amount levied and certified by that city or town in its fiscal year 2009. In its fiscal year 2011, a city or town may levy a tax in an amount not more than four and one-half percent (4.5%) in excess of the total amount levied and certified by that city or town in its fiscal year 2010. In its fiscal year 2012, a city or town may levy a tax in an amount not more than four and one-quarter percent (4.25%) in excess of the total amount

1 levied and certified by that city or town in its fiscal year 2011. In its fiscal year 2013 and in each  
2 fiscal year thereafter, a city or town may levy a tax in an amount not more than four percent (4%)  
3 in excess of the total amount levied and certified by that city or town for its previous fiscal year.  
4 For purposes of this levy calculation, taxes levied pursuant to chapters 34 and 34.1 of this title shall  
5 not be included. For FY 2018, in the event that a city or town, solely as a result of the exclusion of  
6 the motor vehicle tax in the new levy calculation, exceeds the property tax cap when compared to  
7 FY 2017 after taking into account that there was a motor vehicle tax in FY 2017, said city or town  
8 shall be permitted to exceed the property tax cap for the FY 2018 transition year, but in no event  
9 shall it exceed the four percent (4%) levy cap growth with the car tax portion included; provided,  
10 however, nothing herein shall prohibit a city or town from exceeding the property tax cap if  
11 otherwise permitted pursuant to subsection (d) of this section.

12 (c) The division of property valuation in the department of revenue shall monitor city and  
13 town compliance with this levy cap, issue periodic reports to the general assembly on compliance,  
14 and make recommendations on the continuation or modification of the levy cap on or before  
15 December 31, 1987, December 31, 1990, and December 31, every third year thereafter. The chief  
16 elected official in each city and town shall provide to the division of property and municipal finance  
17 within thirty (30) days of final action, in the form required, the adopted tax levy and rate and other  
18 pertinent information.

19 (d) The amount levied by a city or town may exceed the percentage increase as specified  
20 in subsection (a) or (b) of this section if the city or town qualifies under one or more of the following  
21 provisions:

22 (1) The city or town forecasts or experiences a loss in total non-property tax revenues and  
23 the loss is certified by the department of revenue.

24 (2) The city or town experiences or anticipates an emergency situation, which causes or  
25 will cause the levy to exceed the percentage increase as specified in subsection (a) or (b) of this  
26 section. In the event of an emergency or an anticipated emergency, the city or town shall notify the  
27 auditor general who shall certify the existence or anticipated existence of the emergency. Without  
28 limiting the generality of the foregoing, an emergency shall be deemed to exist when the city or  
29 town experiences or anticipates health insurance costs, retirement contributions or utility  
30 expenditures which exceed the prior fiscal year's health insurance costs, retirement contributions  
31 or utility expenditures by a percentage greater than three (3) times the percentage increase as  
32 specified in subsection (a) or (b) of this section.

33 (3) A city or town forecasts or experiences debt services expenditures which exceed the  
34 prior year's debt service expenditures by an amount greater than the percentage increase as specified

1 in subsection (a) or (b) of this section and which are the result of bonded debt issued in a manner  
2 consistent with general law or a special act. In the event of the debt service increase, the city or  
3 town shall notify the department of revenue which shall certify the debt service increase above the  
4 percentage increase as specified in subsection (a) or (b) of this section the prior year's debt service.  
5 No action approving or disapproving exceeding a levy cap under the provisions of this section  
6 affects the requirement to pay obligations as described in subsection (d) of this section.

7 (4) The city or town experiences substantial growth in its tax base as the result of major  
8 new construction which necessitates either significant infrastructure or school housing expenditures  
9 by the city or town or a significant increase in the need for essential municipal services and such  
10 increase in expenditures or demand for services is certified by the department of revenue.

11 (e) Any levy pursuant to subsection (d) of this section in excess of the percentage increase  
12 specified in subsection (a) or (b) of this section shall be approved by the affirmative vote of at least  
13 four-fifths (4/5) of the full membership of the governing body of the city or town or in the case of  
14 a city or town having a financial town meeting, the majority of the electors present and voting at  
15 the town financial meeting shall also approve the excess levy.

16 (f) Nothing contained in this section constrains the payment of present or future obligations  
17 as prescribed by § 45-12-1, and all taxable property in each city or town is subject to taxation  
18 without limitation as to rate or amount to pay general obligation bonds or notes of the city or town  
19 except as otherwise specifically provided by law or charter.

20 **44-5-22. Certification of tax roll.**

21 The tax levy shall be applied to the assessment roll and the resulting tax roll certified by  
22 the assessors to the city or town clerk, city or town treasurer, or tax collector, as the case may be,  
23 and to the department of revenue division of municipal finance, not later than the next succeeding  
24 August 15. For assessment date December 31, 2016, all certified tax rolls submitted to the city or  
25 town clerk, city or town treasurer, or tax collector, as the case may be, and to the department of  
26 revenue division of municipal finance shall be calculated in a manner that is consistent with any  
27 2017 amendments to the motor vehicle excise tax laws not later than August 31, 2017. For  
28 assessment date December 31, 2016, in the event that a city, town or fire district has certified tax  
29 rolls to the city or town clerk, city or town treasurer, or tax collector, as the case may be, and to the  
30 department of revenue division of municipal finance prior to the enactment of any amendment to  
31 the motor vehicle excise tax laws in 2017, said city, town or fire district shall submit to the city or  
32 town clerk, city or town treasurer or tax collector, as the case may be, and to the department of  
33 revenue division of municipal finance an amended certified tax roll the calculation of which is  
34 consistent with any amendments to the motor vehicle tax laws in 2017 not later than September 15,

1 [2017](#). In the case of a fire district, the tax levy shall be applied to the assessment roll and the  
2 resulting tax roll certified by such fire district's tax assessor, treasurer, or other appropriate fire  
3 district official to the town clerk, town treasurer, tax assessor or tax collector, as the case may be,  
4 and to the department of revenue, division of municipal finance, not later than thirty (30) business  
5 days prior to its annual meeting.

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

8 **44-34-2. Assessment -- Valuation -- Proration -- Abatement and cancellation --**  
9 **Exemptions from tax.**

10 (a) Except as provided in this section, the tax assessors of each city and town shall assess  
11 and levy in each calendar year on every vehicle and trailer registered under chapter 3 of title 31,  
12 for the privilege of the registration, an excise measured by its value, as subsequently defined and  
13 determined. For the purpose of this excise, the uniform value of each vehicle shall be determined  
14 in accordance with the regulations of the vehicle value commission. Any vehicle which is more  
15 than ~~twenty five (25)~~ [fifteen \(15\)](#) years old, whether or not the vehicle is an antique motor car as  
16 defined in § 31-1-3(a), shall be deemed to possess an average retail value of five hundred dollars  
17 (\$500). ~~Any vehicle more than twenty five (25) years old on June 16, 1987, whether or not the~~  
18 ~~vehicle is an antique motor car as defined in § 31-1-3(a), shall be deemed to have an average retail~~  
19 ~~value of five hundred dollars (\$500) or its actual retail value whichever is less. The minimum excise~~  
20 ~~tax on any vehicle, if registered to the same owner for a full year or portion of the year, shall not~~  
21 ~~be less than five dollars (\$5.00) unless the registration is transferred to one or more additional~~  
22 ~~vehicles or trailers, in which case the minimum or combined excise taxes shall not be less than five~~  
23 ~~dollars (\$5.00). Beginning in fiscal year 2001, the assessor may, but is not required to, issue~~  
24 ~~minimum tax bills as authorized by this section or any general or public law. Beginning in fiscal~~  
25 ~~year 2002 and thereafter, the assessor shall not issue minimum tax bills, notwithstanding any~~  
26 ~~general or public law to the contrary.~~ The assessor may waive the excise tax on any vehicle where  
27 the annual levy would be less than five dollars (\$5.00). The state shall not provide reimbursement  
28 for any waiver.

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

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

34 (d) If during the calendar year of proration, the owner of a vehicle or trailer subject to the

1 excise moves permanently with his or her vehicle to another state and cancels his or her registration  
2 in this state and returns the registration plates, the vehicle shall be exempt from excise for the  
3 ensuing year.

4 (e) "Year of manufacture" as used in this section means the year used by the manufacturer  
5 of the vehicle or trailer in connection with the designation by the manufacturer of the model of the  
6 vehicle or trailer. Where the presumptive price of a vehicle or trailer is not readily obtainable, or  
7 special equipment is installed on the vehicle or trailer, the tax assessor shall prescribe the retail  
8 price to be used or the manner in which the retail price shall be determined. In making the  
9 determination of the presumptive price, the tax assessor shall determine the retail price of the  
10 vehicle and then apply the percentage corresponding with the appropriate fiscal year as specified  
11 in §44-34-11(c)(1)(iii).

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

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

21 (h) The excise imposed by this section shall not apply to vehicles or trailers owned by the  
22 state of Rhode Island or any of its political subdivisions, or to vehicles or trailers owned by a  
23 corporation, association or other organization whose tangible personal property is exempt under §  
24 44-3-3(1) -- (15), or to vehicles assessed and taxed under § 44-13-13, or those owned by the United  
25 States government. Farm vehicles shall be exempt to the extent prescribed in § 44-5-42.

26 **44-34-11. Rhode Island vehicle value commission.**

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

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

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

33 (2) Five (5) local tax officials named by the governor, at least one of whom shall be from  
34 a city or town under ten thousand (10,000) population and at least one of whom is from a city or

1 town over fifty thousand (50,000) population in making these appointments the governor shall give  
2 due consideration to the recommendations submitted by the President of the Rhode Island League  
3 of Cities and Towns and each appointment shall be subject to the advice and consent of the senate;

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

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

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

12 (6) Public members of the commission shall be removable by the governor pursuant to §  
13 36-1-7 for cause only, and removal solely for partisan or personal reasons unrelated to capacity or  
14 fitness for the office shall be unlawful.

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

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

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

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

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

29 (iii) Notwithstanding the foregoing, the presumptive value of vehicles and trailers subject  
30 to the excise tax shall not exceed the following percentage of clean retail value for those vehicles  
31 reported by the National Automobile Dealers Association Official Used Car Guide New England  
32 Edition:

| <u>FISCAL YEAR</u> | <u>PERCENTAGE</u> |
|--------------------|-------------------|
| <u>2018</u>        | <u>95%</u>        |

|   |                             |                            |
|---|-----------------------------|----------------------------|
| 1 | <a href="#"><u>2019</u></a> | <a href="#"><u>90%</u></a> |
| 2 | <a href="#"><u>2020</u></a> | <a href="#"><u>85%</u></a> |
| 3 | <a href="#"><u>2021</u></a> | <a href="#"><u>80%</u></a> |
| 4 | <a href="#"><u>2022</u></a> | <a href="#"><u>75%</u></a> |
| 5 | <a href="#"><u>2023</u></a> | <a href="#"><u>70%</u></a> |

6 [In the event that no such clean retail value is reported, the presumptive value shall not](#)  
7 [exceed the above percentages of the following:](#)

8 [\(A\) Manufacturer's suggested retail price \(MSRP\) for new model year vehicles as reported](#)  
9 [by the National Automobile Dealers Association Guides; or](#)

10 [\(B\) Average retail value for those vehicles reported by the National Automobile Dealers](#)  
11 [Association Official Used Car Guide National Edition and Motorcycle/Snowmobile/ATV/Personal](#)  
12 [Watercraft Appraisal Guide; or](#)

13 [\(C\) Used retail value for those vehicles reported in the National Association of Automobile](#)  
14 [Dealers Recreational Vehicle Appraisal Guide; or](#)

15 [\(D\) Low value for those vehicles reported in the National Automobile Dealers Association](#)  
16 [Classic, Collectible, Exotic and Muscle Car Appraisal Guide & Directory.](#)

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

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

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

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

34 (e) The commission shall have the power to contract for professional services that it deems

1 necessary for the development of the methodology for determining presumptive values, for  
2 calculating presumptive values according to the methodology, and for preparing the list of  
3 presumptive values in a form and format that is generally usable by cities and towns in their  
4 preparation of tax bills. The commission shall also have the power to incur reasonable expenses in  
5 the conduct of its business as required by this chapter and to authorize payments for the expenses.

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

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

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

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

30 SECTION 3. Sections 44-34.1-1 and 44-34.1-2 of the General Laws in Chapter 44-34.1  
31 entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998" are hereby amended to  
32 read as follows:

33 **44-34.1-1. Excise tax phase-out.**

34 (a)(1) Notwithstanding the provisions of chapter 34 of this title or any other provisions to



1 the contrary, the motor vehicle and trailer excise tax established by § 44-34-1 may be phased out.  
2 The phase-out shall apply to all motor vehicles and trailers, including leased vehicles.

3 (2) Lessors of vehicles that pay excise taxes directly to municipalities shall provide lessees,  
4 at the time of entering into the lease agreement, an estimate of annual excise taxes payable  
5 throughout the term of the lease. In the event the actual excise tax is less than the estimated excise  
6 tax, the lessor shall annually rebate to the lessee the difference between the actual excise tax and  
7 the estimated excise tax.

8 (b) Pursuant to the provisions of this section, all motor vehicles shall be assessed a value  
9 by the vehicle value commission. That value shall be assessed according to the provisions of § 44-  
10 34-11(c)(1) and in accordance with the terms as defined in subsection (d) of this section; provided,  
11 however, that the maximum taxable value percentage applicable to model year values as of  
12 December 31, 1997, shall continue to be applicable in future year valuations aged by one year in  
13 each succeeding year.

14 (c)(1) The motor vehicle excise tax phase-out shall commence with the excise tax bills  
15 mailed to taxpayers for the fiscal year 2000. The phase-out, beyond fiscal year 2003, shall be  
16 subject to annual review and appropriation by the general assembly. The tax assessors of the various  
17 cities and towns and fire districts shall reduce the average retail value of each vehicle assessed by  
18 using the prorated exemptions from the following table:

| 19 Local Fiscal Year                | Exempt from value | Local Exemption | State fiscal year Reimbursement |
|-------------------------------------|-------------------|-----------------|---------------------------------|
| 20 fiscal year 1999                 |                   | 0               | \$1,500                         |
| 21 fiscal year 2000                 |                   | \$1,500         | \$2,500                         |
| 22 fiscal year 2001                 |                   | \$2,500         | \$3,500                         |
| 23 fiscal year 2002                 |                   | \$3,500         | \$4,500                         |
| 24 fiscal years 2003, 2004 and 2005 |                   | \$4,500         | \$4,500                         |
| 25 for fiscal year 2006 and         |                   | \$5,000         | \$5,000                         |
| 26 for fiscal year 2007             |                   | \$6,000         | \$6,000                         |

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

32 ~~for~~ (i) For fiscal year 2011 ~~and thereafter~~ through fiscal year 2017, the exemption shall be  
33 five hundred dollars (\$500). Cities and towns may provide an additional exemption; provided,  
34 however, any such additional exemption shall not be subject to reimbursement.

1 (ii) For fiscal year 2018, cities, towns, and fire districts shall provide an exemption equal  
2 to the greater of one thousand dollars (\$1,000) or the exemption in effect in fiscal year 2017.

3 (iii) For fiscal year 2019, cities, towns, and fire districts shall provide an exemption equal  
4 to the greater of two thousand dollars (\$2,000) or the exemption in effect in fiscal year 2017.

5 (iv) For fiscal year 2020, cities, towns, and fire districts shall provide an exemption equal  
6 to the greater of three thousand dollars (\$3,000) or the exemption in effect in fiscal year 2017.

7 (v) For fiscal year 2021, cities, towns, and fire districts shall provide an exemption equal  
8 to the greater of four thousand dollars (\$4,000) or the exemption in effect in fiscal year 2017.

9 (vi) For fiscal year 2022, cities, towns, and fire districts shall provide an exemption equal  
10 to the greater of five thousand dollars (\$5,000) or the exemption in effect in fiscal year 2017.

11 (vii) For fiscal year 2023, cities, towns, and fire districts shall provide an exemption equal  
12 to the greater of six thousand dollars (\$6,000) or the exemption in effect in fiscal year 2017.

13 (viii) For fiscal year 2024 and thereafter, no tax shall be levied.

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

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

17 (4) The excise tax rates and ratios of assessment shall be maintained at a level identical to  
18 the level in effect for fiscal year 1998 for each city, town, and fire district; provided, in the town of  
19 Johnston the excise tax rate and ratios of assessment shall be maintained at a level identical to the  
20 level in effect for fiscal year 1999 levels and the levy of a city, town, or fire district shall be limited  
21 to the lesser of the maximum taxable value or net assessed value for purposes of collecting the tax  
22 in any given year. Provided, however, for fiscal year 2011 ~~and thereafter~~ through fiscal year 2017,  
23 the rates and ratios of assessment may be less than but not more than the rates described in this  
24 subsection (4).

25 (5) For fiscal year 2018 and thereafter, the excise tax rate applied by a city, town, or fire  
26 district, shall not exceed the rate in effect in fiscal year 2017 and shall not exceed the rate set forth  
27 below:

| <u>Fiscal Year</u> | <u>Tax Rate (Per \$1,000 of Value)</u> |
|--------------------|--|
| <u>2018</u>        | <u>\$60.00</u>                         |
| <u>2019</u>        | <u>\$50.00</u>                         |
| <u>2020</u>        | <u>\$35.00</u>                         |
| <u>2021</u>        | <u>\$35.00</u>                         |
| <u>2022</u>        | <u>\$30.00</u>                         |
| <u>2023</u>        | <u>\$20.00</u>                         |

1           (6) In no event shall a taxpayer be billed more than the prior year for a vehicle owned up  
2 to the same number of days unless an increased bill is the result of no longer being eligible for a  
3 local tax exemption.

4           (d) Definitions.

5           (1) "Maximum taxable value" means the value of vehicles as prescribed by § 44-34-11  
6 reduced by the percentage of assessed value applicable to model year values as determined by the  
7 Rhode Island vehicle value commission as of December 31, 1997, for the vehicles valued by the  
8 commission as of December 31, 1997. For all vehicle value types not valued by the Rhode Island  
9 vehicle value commission as of December 31, 1997, the maximum taxable value shall be the latest  
10 value determined by a local assessor from an appropriate pricing guide, multiplied by the ratio of  
11 assessment used by that city, town, or fire district for a particular model year as of December 31,  
12 1997. The maximum taxable value shall be determined in such a manner as to incorporate the  
13 application of the percentage corresponding with the appropriate fiscal year as specified in §44-34-  
14 11(c)(1)(iii).

15           (2) "Net assessed value" means the motor vehicle values as determined in accordance with  
16 § 44-34-11 less all personal exemptions allowed by cities, towns, fire districts, and the state of  
17 Rhode Island exemption value as provided for in § 44-34.1-1(c)(1).

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

21           **44-34.1-2. City and town and fire district reimbursement.**

22           (a) In fiscal years 2000 and thereafter, cities and towns and fire districts shall receive  
23 reimbursements, as set forth in this section, from state general revenues equal to the amount of lost  
24 tax revenue due to the phase out or reduction of the excise tax. Cities and towns and fire districts  
25 shall receive advance reimbursements through state fiscal year 2002. In the event the tax is phased  
26 out, cities and towns and fire districts shall receive a permanent distribution of sales tax revenue  
27 pursuant to § 44-18-18 in an amount equal to any lost revenue resulting from the excise tax  
28 elimination. Lost revenues must be determined using a base tax rate fixed at fiscal year 1998 levels  
29 for each city, town, and fire district, except that the Town of Johnston's base tax rate must be fixed  
30 at a fiscal year 1999 level. Provided, however, for fiscal year 2011 and thereafter, the base tax rate  
31 may be less than but not more than the rates described in this subsection (a).

32           (b) (1) The director of administration shall determine the amount of general revenues to be  
33 distributed to each city and town and fire district for the fiscal years 1999 and thereafter so that  
34 every city and town and fire district is held harmless from tax loss resulting from this chapter,

1 assuming that tax rates are indexed to inflation through fiscal year 2003.

2 (2) The director of administration shall index the tax rates for inflation by applying the  
3 annual change in the December Consumer Price Index -- All Urban Consumers (CPI-U), published  
4 by the Bureau of Labor Statistics of the United States Department of Labor, to the indexed tax rate  
5 used for the prior fiscal year calculation; provided, that for state reimbursements in fiscal years  
6 2004 and thereafter, the indexed tax rate shall not be subject to further CPI-U adjustments. The  
7 director shall apply the following principles in determining reimbursements:

8 (i) Exemptions granted by cities and towns and fire districts in the fiscal year 1998 must  
9 be applied to assessed values prior to applying the exemptions in § 44-34.1-1(c)(1). Cities and  
10 towns and fire districts will not be reimbursed for these exemptions.

11 (ii) City, town, and fire districts shall be reimbursed by the state for revenue losses  
12 attributable to the exemptions provided for in § 44-34.1-1 and the inflation indexing of tax rates  
13 through fiscal 2003. Reimbursement for revenue losses shall be calculated based upon the  
14 difference between the maximum taxable value less personal exemptions and the net assessed  
15 value.

16 (iii) Inflation reimbursements shall be the difference between:

17 (A) The levy calculated at the tax rate used by each city and town and fire district for fiscal  
18 year 1998 after adjustments for personal exemptions but prior to adjustments for exemptions  
19 contained in § 44-34.1-1(c)(1); provided, that for the town of Johnston the tax rate used for fiscal  
20 year 1999 must be used for the calculation; and

21 (B) The levy calculated by applying the appropriate cumulative inflation adjustment  
22 through state fiscal 2003 to the tax rate used by each city and town and fire district for fiscal year  
23 1998; provided, that for the town of Johnston the tax rate used for fiscal year 1999 shall be used  
24 for the calculation after adjustments for personal exemptions but prior to adjustments for  
25 exemptions contained in § 44-34.1-1.

26 (3) For fiscal year 2018 and thereafter, each city, town and fire district shall tax motor  
27 vehicles and trailers pursuant to chapter 34 of title 44 using the same motor vehicle and trailer  
28 excise tax calculation methodology that was employed for fiscal year 2017, where motor vehicle  
29 and trailer excise tax calculation methodology refers to the application of specific tax practices and  
30 the order of operations in the determination of the tax levied on any given motor vehicle and/or  
31 trailer.

32 (4) Each city, town and fire district shall report to the department of revenue, as part of the  
33 submission of the certified tax levy pursuant to §44-5-22, the motor vehicle and trailer excise tax  
34 calculation methodology that was employed for fiscal year 2017. For fiscal year 2018 and

1 thereafter, the department of revenue is authorized to confirm that each city, town or fire district  
2 has used the same motor vehicle and trailer excise tax methodology as was used in fiscal year 2017  
3 and the department of revenue shall have the final determination as to whether each city, town or  
4 fire district has in fact complied with this requirement. Should the department of revenue determine  
5 that a city, town or fire district has failed to cooperate or comply with the requirement in this  
6 section, the city, town or fire district's reimbursement for the items noted in §§44-34.1-2(c)(13)(i)  
7 through (c)(13)(iv) shall be withheld until such time as the department of revenue deems the city,  
8 town or fire district to be in compliance.

9 (5) For purposes of reimbursement for the items noted in §§44-34.1-2(c)(13)(i) through  
10 (c)(13)(iv), the FY 2018 baseline from which the reimbursement amount shall be calculated is  
11 defined as the motor vehicle and trailer excise tax levy that would be generated by applying the  
12 fiscal year 2017 motor vehicle and trailer excise tax calculation methodology to the assessed value  
13 of motor vehicles and trailers as of fiscal year 2017. The amount of reimbursement that each city,  
14 town or fire district receives shall be the difference between the FY 2018 baseline and the certified  
15 motor vehicle and trailer excise tax levy as submitted by each city, town and fire district as  
16 confirmed by the department of revenue. The department of revenue shall determine the  
17 reimbursement amount for each city, town and fire district.

18 (6) For fiscal year 2020 and thereafter, the department of revenue shall assess the feasibility  
19 of standardizing the motor vehicle and trailer excise tax calculation methodology across all cities,  
20 towns and fire departments. Based on this assessment, the department of revenue may make  
21 recommendations for changes to the motor vehicle and trailer excise tax calculation methodology  
22 as well as other provisions related to the taxation of motor vehicles and trailers.

23 (c)(1) Funds shall be distributed to the cities and towns and fire districts as follows:

24 (i) On October 20, 1998, and each October 20 thereafter through October 20, 2001, twenty-  
25 five percent (25%) of the amount calculated by the director of administration to be the difference  
26 for the upcoming fiscal year.

27 (ii) On February 20, 1999, and each February 20 thereafter through February 20, 2002,  
28 twenty-five percent (25%) of the amount calculated by the director of administration to be the  
29 difference for the upcoming fiscal year.

30 (iii) On June 20, 1999, and each June 20 thereafter through June 20, 2002, fifty percent  
31 (50%) of the amount calculated by the director of administration to be the difference for the  
32 upcoming fiscal year.

33 (iv) On August 1, 2002, and each August 1 thereafter, twenty-five percent (25%) of the  
34 amount calculated by the director of administration to be the difference for the current fiscal year.

1 (v) On November 1, 2002, and each November 1 thereafter, twenty-five percent (25%) of  
2 the amount calculated by the director of administration to be the difference for the current fiscal  
3 year.

4 (vi) On February 1, 2003, and each February 1 thereafter, twenty-five percent (25%) of the  
5 amount calculated by the director of administration to be the difference for the current fiscal year.

6 (vii) On May 1, 2003, and each May 1 thereafter, except May 1, 2010, twenty-five percent  
7 (25%) of the amount calculated by the director of administration to be the difference for the current  
8 fiscal year.

9 (viii) On June 15, 2010, twenty-five percent (25%) of the amount calculated by the director  
10 of administration to be the difference for the current fiscal year.

11 Provided, however, the February and May payments, and June payment in 2010, shall be  
12 subject to submission of final certified and reconciled motor vehicle levy information.

13 (2) Each city, town, or fire district shall submit final certified and reconciled motor vehicle  
14 levy information by August 30 of each year. Any adjustment to the estimated amounts paid in the  
15 previous fiscal year shall be included or deducted from the payment due November 1.

16 (3) On any of the payment dates specified in paragraphs (1)(i) through (vii) of this  
17 subsection, the director is authorized to deduct previously made over-payments or add  
18 supplemental payments as may be required to bring the reimbursements into full compliance with  
19 the requirements of this chapter.

20 (4) For the city of East Providence, the payment schedule is twenty-five percent (25%) on  
21 February 20, 1999, and each February 20 thereafter through February 20, 2002, twenty-five percent  
22 (25%) on June 20, 1999, and each June 20 thereafter through June 20, 2002, which includes final  
23 reconciliation of the previous year's payment, and fifty percent (50%) on October 20, 1999, and  
24 each October 20 thereafter through October 20, 2002. For local fiscal years 2003 and thereafter,  
25 the payment schedule is twenty-five percent (25%) on each November 1, twenty-five percent (25%)  
26 on each February 1, twenty-five percent (25%) on each May 1, which includes final reconciliation  
27 of the previous year's payment, and twenty-five percent (25%) on each August 1; provided, the  
28 May and August payments shall be subject to submission of final certified and reconciled motor  
29 vehicle levy information.

30 (5) When the tax is phased out, funds distributed to the cities, towns, and fire districts for  
31 the following fiscal year shall be calculated as the funds distributed in the fiscal year of the phase-  
32 out. Twenty-five percent (25%) of the amounts calculated shall be distributed to the cities and  
33 towns and fire districts on August 1, in the fiscal year of the phase-out, twenty-five percent (25%)  
34 on the following November 1, twenty-five percent (25%) on the following February 1, and twenty-

1 five percent (25%) on the following May 1. The funds shall be distributed to each city and town  
2 and fire district in the same proportion as distributed in the fiscal year of the phase-out.

3 (6) When the tax is phased out to August 1, of the following fiscal year the director of  
4 ~~administration revenue~~ shall calculate to the nearest ~~tenth thousandth~~ of one cent (~~\$.001~~)  
5 (\$0.00001) the number of cents of sales tax received for the fiscal year ending June 30, of the year  
6 following the phase-out equal to the amount of funds distributed to the cities, towns, and fire  
7 districts under this chapter during the fiscal year following the phase-out and the percent of the  
8 total funds distributed in the fiscal year following the phase-out received by each city, town, and  
9 fire district, calculated to the nearest one-hundredth of one percent (0.01%). The director of the  
10 department of ~~administration revenue~~ shall transmit those calculations to the governor, the speaker  
11 of the house, the president of the senate, the chairperson of the house finance committee, the  
12 chairperson of the senate finance committee, the house fiscal advisor, and the senate fiscal advisor.  
13 The number of cents, applied to the sales taxes received for the prior fiscal year, shall be the basis  
14 for determining the amount of sales tax to be distributed to the cities and towns and fire districts  
15 under this chapter for the second fiscal year following the phase-out and each year thereafter. The  
16 cities and towns and fire districts shall receive that amount of sales tax in the proportions calculated  
17 by the director of ~~administration revenue~~ as that received in the fiscal year following the phase-out.

18 (7) When the tax is phased out, twenty-five percent (25%) of the funds shall be distributed  
19 to the cities, towns, and fire districts on August 1, of the following fiscal year and every August 1  
20 thereafter; twenty-five percent (25%) shall be distributed on the following November 1, and every  
21 November 1 thereafter; twenty-five percent (25%) shall be distributed on the following February  
22 1, and every February 1 thereafter; and twenty-five percent (25%) shall be distributed on the  
23 following May 1, and every May 1 thereafter.

24 (8) For the city of East Providence, in the event the tax is phased out, twenty-five percent  
25 (25%) shall be distributed on November 1, of the following fiscal year and every November 1  
26 thereafter, twenty-five percent (25%) shall be distributed on the following February 1, and every  
27 February 1 thereafter; twenty-five percent (25%) shall be distributed on the following May 1, and  
28 every May 1 thereafter; and twenty-five percent (25%) of the funds shall be distributed on the  
29 following August 1, and every August 1 thereafter.

30 (9) As provided for in § 44-34-6, the authority of fire districts to tax motor vehicles is  
31 eliminated effective with the year 2000 tax roll and the state reimbursement for fire districts shall  
32 be based on the provisions of § 44-34-6. All references to fire districts in this chapter do not apply  
33 to the year 2001 tax roll and thereafter.

34 (10) For reimbursements payable in the year ending June 30, 2008 and thereafter, the

1 director of administration shall discount the calculated value of the exemption to ninety-eight  
2 percent (98%) in order to establish a collection rate that is comparable to the collection rate  
3 achieved by municipalities in the levy of the motor vehicle excise tax.

4 (11) For reimbursements payable in the year ending June 30, 2010, the director of  
5 administration shall reimburse cities and towns eighty-eight percent (88%) of the reimbursements  
6 payable pursuant to subdivision (c)(10) above.

7 (12) For fiscal year 2011 ~~and thereafter~~ through to June 30, 2017, the state shall reimburse  
8 cities and towns for the exemption pursuant to ~~subdivision~~ subsection (c)(10) above, ratably  
9 reduced to the appropriation.

10 (13) For fiscal year 2018 and thereafter, each city, town and fire district shall receive a  
11 reimbursement equal to the amount received in fiscal year 2017 plus an amount equal to the  
12 reduction from the FY 2018 baseline, as defined in subsection (b)(5) of this section, resulting from  
13 changes in:

14 (i) The assessment percentage set forth in §44-34-11(c)(1)(iii);

15 (ii) The excise tax rate set forth in §44-34.1-1(c)(5);

16 (iii) Exemptions set forth in §44-34.1-1(c)(1); and

17 (iv) Exemptions for vehicles more than fifteen (15) years old as set forth in §44-34-2.

18 (14) In the event any city, town, or fire district sent out or sends out tax bills for fiscal year  
19 2018, which do not conform with the requirements of this act, the city, town, or fire district shall  
20 ensure that the tax bills for fiscal year 2018 are adjusted or an abatement is issued to conform to  
21 the requirements of this act.

22 SECTION 4. This article shall take effect on July 1, 2017.