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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T

RELATING TO TAXATION -- EXCISE ON MOTOR VEHICLES AND TRAILERS

Introduced By: Senator Dominick J. Ruggiero

Date Introduced: June 01, 2017

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

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

3 **44-5-2. Maximum levy.**

4 (a) Through and including its fiscal year 2007, a city or town may levy a tax in an amount
5 not more than five and one-half percent (5.5%) in excess of the amount levied and certified by
6 that city or town for the prior year. Through and including its fiscal year 2007, but in no fiscal
7 year thereafter, the amount levied by a city or town is deemed to be consistent with the five and
8 one-half percent (5.5%) levy growth cap if the tax rate is not more than one hundred and five and
9 one-half percent (105.5%) of the prior year's tax rate and the budget resolution or ordinance, as
10 applicable, specifies that the tax rate is not increasing by more than five and one-half percent
11 (5.5%) except as specified in subsection (c) of this section. In all years when a revaluation or
12 update is not being implemented, a tax rate is deemed to be one hundred five and one-half percent
13 (105.5%) or less of the prior year's tax rate if the tax on a parcel of real property, the value of
14 which is unchanged for purpose of taxation, is no more than one hundred five and one-half
15 percent (105.5%) of the prior year's tax on the same parcel of real property. In any year through
16 and including fiscal year 2007 when a revaluation or update is being implemented, the tax rate is
17 deemed to be one hundred five and one-half percent (105.5%) of the prior year's tax rate as
18 certified by the division of property valuation and municipal finance in the department of
19 revenue.

1 (b) In its fiscal year 2008, a city or town may levy a tax in an amount not more than five
2 and one-quarter percent (5.25%) in excess of the total amount levied and certified by that city or
3 town for its fiscal year 2007. In its fiscal year 2009, a city or town may levy a tax in an amount
4 not more than five percent (5%) in excess of the total amount levied and certified by that city or
5 town for its fiscal year 2008. In its fiscal year 2010, a city or town may levy a tax in an amount
6 not more than four and three-quarters percent (4.75%) in excess of the total amount levied and
7 certified by that city or town in its fiscal year 2009. In its fiscal year 2011, a city or town may
8 levy a tax in an amount not more than four and one-half percent (4.5%) in excess of the total
9 amount levied and certified by that city or town in its fiscal year 2010. In its fiscal year 2012, a
10 city or town may levy a tax in an amount not more than four and one-quarter percent (4.25%) in
11 excess of the total amount levied and certified by that city or town in its fiscal year 2011. In its
12 fiscal year 2013 and in each fiscal year thereafter, a city or town may levy a tax in an amount not
13 more than four percent (4%) in excess of the total amount levied and certified by that city or town
14 for its previous fiscal year. [For purposes of this levy calculation, taxes levied pursuant to chapters](#)
15 [34 and 34.1 of this title shall not be included.](#)

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

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

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

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

1 or utility expenditures by a percentage greater than three (3) times the percentage increase as
2 specified in subsection (a) or (b) of this section.

3 (3) A city or town forecasts or experiences debt services expenditures which exceed the
4 prior year's debt service expenditures by an amount greater than the percentage increase as
5 specified in subsection (a) or (b) of this section and which are the result of bonded debt issued in
6 a manner consistent with general law or a special act. In the event of the debt service increase, the
7 city or town shall notify the department of revenue which shall certify the debt service increase
8 above the percentage increase as specified in subsection (a) or (b) of this section the prior year's
9 debt service. No action approving or disapproving exceeding a levy cap under the provisions of
10 this section affects the requirement to pay obligations as described in subsection (d) of this
11 section.

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

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

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

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

28 **44-34-2. Assessment -- Valuation -- Proration -- Abatement and cancellation --**
29 **Exemptions from tax.**

30 (a) Except as provided in this section, the tax assessors of each city and town shall assess
31 and levy in each calendar year on every vehicle and trailer registered under chapter 3 of title 31,
32 for the privilege of the registration, an excise measured by its value, as subsequently defined and
33 determined. For the purpose of this excise, the uniform value of each vehicle shall be determined
34 in accordance with the regulations of the vehicle value commission. Any vehicle which is more

1 than ~~twenty five (25)~~ fifteen (15) years old, whether or not the vehicle is an antique motor car as
2 defined in § 31-1-3(a), shall be deemed to possess an average retail value of five hundred dollars
3 (\$500). ~~Any vehicle more than twenty five (25) years old on June 16, 1987, whether or not the~~
4 ~~vehicle is an antique motor car as defined in § 31-1-3(a), shall be deemed to have an average~~
5 ~~retail value of five hundred dollars (\$500) or its actual retail value whichever is less. The~~
6 ~~minimum excise tax on any vehicle, if registered to the same owner for a full year or portion of~~
7 ~~the year, shall not be less than five dollars (\$5.00) unless the registration is transferred to one or~~
8 ~~more additional vehicles or trailers, in which case the minimum or combined excise taxes shall~~
9 ~~not be less than five dollars (\$5.00). Beginning in fiscal year 2001, the assessor may, but is not~~
10 ~~required to, issue minimum tax bills as authorized by this section or any general or public law.~~
11 ~~Beginning in fiscal year 2002 and thereafter, the assessor shall not issue minimum tax bills,~~
12 ~~notwithstanding any general or public law to the contrary.~~ The assessor may waive the excise tax
13 on any vehicle where the annual levy would be less than five dollars (\$5.00). The state shall not
14 provide reimbursement for any waiver.

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

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

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

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

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

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

5 (h) The excise imposed by this section shall not apply to vehicles or trailers owned by the
6 state of Rhode Island or any of its political subdivisions, or to vehicles or trailers owned by a
7 corporation, association or other organization whose tangible personal property is exempt under §
8 44-3-3(1) -- (15), or to vehicles assessed and taxed under § 44-13-13, or those owned by the
9 United States government. Farm vehicles shall be exempt to the extent prescribed in § 44-5-42.

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

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

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

<u>FISCAL YEAR</u>	<u>PERCENTAGE</u>
<u>2018</u>	<u>95%</u>
<u>2019</u>	<u>90%</u>
<u>2020</u>	<u>85%</u>
<u>2021</u>	<u>80%</u>
<u>2022</u>	<u>75%</u>
<u>2023</u>	<u>70%</u>

25 In the event that no such clean retail value is reported, the presumptive value shall not
26 exceed the above percentages of the following:

27 (A) Manufacturer's suggested retail price (MSRP) for new model year vehicles as
28 reported by the National Automobile Dealers Association Guides; or

29 (B) Average retail value for those vehicles reported by the National Automobile Dealers
30 Association Official Used Car Guide National Edition and
31 Motorcycle/Snowmobile/ATV/Personal Watercraft Appraisal Guide; or

32 (C) Used retail value for those vehicles reported in the National Association of
33 Automobile Dealers Recreational Vehicle Appraisal Guide; or

34 (D) Low value for those vehicles reported in the National Automobile Dealers

1 [Association Classic, Collectible, Exotic and Muscle Car Appraisal Guide & Directory.](#)

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

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

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

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

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

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

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

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

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

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

20 **44-34.1-1. Excise tax phase-out.**

21 (a)(1) Notwithstanding the provisions of chapter 34 of this title or any other provisions to
22 the contrary, the motor vehicle and trailer excise tax established by § 44-34-1 may be phased out.
23 The phase-out shall apply to all motor vehicles and trailers, including leased vehicles.

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

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

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

6 Local Fiscal Year Exempt from value	Local Exemption	State fiscal year Reimbursement
7 fiscal year 1999	0	\$1,500
8 fiscal year 2000	\$1,500	\$2,500
9 fiscal year 2001	\$2,500	\$3,500
10 fiscal year 2002	\$3,500	\$4,500
11 fiscal years 2003, 2004 and 2005	\$4,500	\$4,500
12 for fiscal year 2006 and	\$5,000	\$5,000
13 for fiscal year 2007	\$6,000	\$6,000

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

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

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

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

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

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

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

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

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

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

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

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

13 (5) For fiscal year 2018 and thereafter, the excise tax rate applied by a city, town, or fire
14 district, shall not exceed the rate in effect in fiscal year 2017 and shall not exceed the rate set
15 forth 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>

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

26 (d) Definitions.

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

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

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

7 **44-34.1-2. City and town and fire district reimbursement.**

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

18 (b) (1) The director of administration shall determine the amount of general revenues to
19 be distributed to each city and town and fire district for the fiscal years 1999 and thereafter so that
20 every city and town and fire district is held harmless from tax loss resulting from this chapter,
21 assuming that tax rates are indexed to inflation through fiscal year 2003.

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

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

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

1 value.

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

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

7 (B) The levy calculated by applying the appropriate cumulative inflation adjustment
8 through state fiscal 2003 to the tax rate used by each city and town and fire district for fiscal year
9 1998; provided, that for the town of Johnston the tax rate used for fiscal year 1999 shall be used
10 for the calculation after adjustments for personal exemptions but prior to adjustments for
11 exemptions contained in § 44-34.1-1.

12 (3) For fiscal year 2018 and thereafter, each city, town and fire district shall tax motor
13 vehicles and trailers pursuant to chapter 34 of title 44 using the same motor vehicle and trailer
14 excise tax calculation methodology that was employed for tax year 2016, where motor vehicle
15 and trailer excise tax calculation methodology refers to the application of specific tax practices
16 and the order of operations in the determination of the tax levied on any given motor vehicle
17 and/or trailer.

18 (4) Each city, town and fire district shall report to the department of revenue, as part of
19 the submission of the certified tax levy pursuant to §44-5-22, the motor vehicle and trailer excise
20 tax calculation methodology that was employed for tax year 2016. For tax year 2017 and
21 thereafter, the department of revenue is authorized to confirm that each city, town or fire district
22 has used the same motor vehicle and trailer excise tax methodology as was used in tax year 2016
23 and the department of revenue shall have the final determination as to whether each city, town or
24 fire district has in fact complied with this requirement. Should the department of revenue
25 determine that a city, town or fire district has failed to cooperate or comply with the requirement
26 in this section, the city, town or fire district's reimbursement for the items noted in §§44-34.1-
27 2(c)(13)(i) through (c)(13)(iv) shall be withheld until such time as the department of revenue
28 deems the city, town or fire district to be in compliance.

29 (5) For purposes of reimbursement for the items noted in §§44-34.1-2(c)(13)(i) through
30 (c)(13)(iv), the FY 2018 baseline from which the reimbursement amount shall be calculated is
31 defined as the motor vehicle and trailer excise tax levy that would be generated by applying the
32 tax year 2016 motor vehicle and trailer excise tax calculation methodology to the assessed value
33 of motor vehicles and trailers as of December 31, 2016. The amount of reimbursement that each
34 city, town or fire district receives shall be the difference between the FY 2018 baseline and the

1 certified motor vehicle and trailer excise tax levy as submitted by each city, town and fire district
2 as confirmed by the department of revenue. The department of revenue shall determine the
3 reimbursement amount for each city, town and fire district.

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

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

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

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

16 (iii) On June 20, 1999, and each June 20 thereafter through June 20, 2002, fifty percent
17 (50%) of the amount calculated by the director of administration to be the difference for the
18 upcoming fiscal year.

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

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

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

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

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

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

34 (2) Each city, town, or fire district shall submit final certified and reconciled motor

1 vehicle levy information by August 30 of each year. Any adjustment to the estimated amounts
2 paid in the previous fiscal year shall be included or deducted from the payment due November 1.

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

7 (4) For the city of East Providence, the payment schedule is twenty-five percent (25%) on
8 February 20, 1999, and each February 20 thereafter through February 20, 2002, twenty-five
9 percent (25%) on June 20, 1999, and each June 20 thereafter through June 20, 2002, which
10 includes final reconciliation of the previous year's payment, and fifty percent (50%) on October
11 20, 1999, and each October 20 thereafter through October 20, 2002. For local fiscal years 2003
12 and thereafter, the payment schedule is twenty-five percent (25%) on each November 1, twenty-
13 five percent (25%) on each February 1, twenty-five percent (25%) on each May 1, which includes
14 final reconciliation of the previous year's payment, and twenty-five percent (25%) on each
15 August 1; provided, the May and August payments shall be subject to submission of final
16 certified and reconciled motor vehicle levy information.

17 (5) When the tax is phased out, funds distributed to the cities, towns, and fire districts for
18 the following fiscal year shall be calculated as the funds distributed in the fiscal year of the phase-
19 out. Twenty-five percent (25%) of the amounts calculated shall be distributed to the cities and
20 towns and fire districts on August 1, in the fiscal year of the phase-out, twenty-five percent (25%)
21 on the following November 1, twenty-five percent (25%) on the following February 1, and
22 twenty-five percent (25%) on the following May 1. The funds shall be distributed to each city and
23 town and fire district in the same proportion as distributed in the fiscal year of the phase-out.

24 (6) When the tax is phased out to August 1, of the following fiscal year the director of
25 administration shall calculate to the nearest tenth of one cent (\$.001) the number of cents of sales
26 tax received for the fiscal year ending June 30, of the year following the phase-out equal to the
27 amount of funds distributed to the cities, towns, and fire districts under this chapter during the
28 fiscal year following the phase-out and the percent of the total funds distributed in the fiscal year
29 following the phase-out received by each city, town, and fire district, calculated to the nearest
30 one-hundredth of one percent (0.01%). The director of the department of administration shall
31 transmit those calculations to the governor, the speaker of the house, the president of the senate,
32 the chairperson of the house finance committee, the chairperson of the senate finance committee,
33 the house fiscal advisor, and the senate fiscal advisor. The number of cents, applied to the sales
34 taxes received for the prior fiscal year, shall be the basis for determining the amount of sales tax

1 to be distributed to the cities and towns and fire districts under this chapter for second fiscal year
2 following the phase-out and each year thereafter. The cities and towns and fire districts shall
3 receive that amount of sales tax in the proportions calculated by the director of administration as
4 that received in the fiscal year following the phase-out.

5 (7) When the tax is phased out, twenty-five percent (25%) of the funds shall be
6 distributed to the cities, towns, and fire districts on August 1, of the following fiscal year and
7 every August 1 thereafter; twenty-five percent (25%) shall be distributed on the following
8 November 1, and every November 1 thereafter; twenty-five percent (25%) shall be distributed on
9 the following February 1, and every February 1 thereafter; and twenty-five percent (25%) shall be
10 distributed on the following May 1, and every May 1 thereafter.

11 (8) For the city of East Providence, in the event the tax is phased out, twenty-five percent
12 (25%) shall be distributed on November 1, of the following fiscal year and every November 1
13 thereafter, twenty-five percent (25%) shall be distributed on the following February 1, and every
14 February 1 thereafter; twenty-five percent (25%) shall be distributed on the following May 1, and
15 every May 1 thereafter; and twenty-five percent (25%) of the funds shall be distributed on the
16 following August 1, and every August 1 thereafter.

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

21 (10) For reimbursements payable in the year ending June 30, 2008 and thereafter, the
22 director of administration shall discount the calculated value of the exemption to ninety-eight
23 percent (98%) in order to establish a collection rate that is comparable to the collection rate
24 achieved by municipalities in the levy of the motor vehicle excise tax.

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

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

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

- 1 (i) The assessment percentage set forth in §44-34-11(c)(1)(iii);
2 (ii) The excise tax rate set forth in §44-34.1-1(c)(5);
3 (iii) Exemptions set forth in §44-34.1-1(c)(1); and
4 (iv) Exemptions for vehicles fifteen (15) years and older as set forth in §44-34-2.
5 (14) In the event any city, town, or fire district sent out or sends out tax bills for tax year
6 2017, which do not conform with the requirements of this act, the city, town, or fire district shall
7 ensure that the tax bills for tax year 2017 are adjusted or an abatement is issued to conform to the
8 requirements of this act.

9 SECTION 4. This act shall take effect on July 1, 2017.

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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 The act also provides that cities, towns, and fire districts would be reimbursed for the revenues
- 3 lost by the reduction and elimination of the excise tax.
- 4 This act would take effect on July 1, 2017.

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