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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO TAXATION -- MOTOR VEHICLE TAX

Introduced By: Representatives O'Brien, Almeida, Amore, Nunes, and Costantino

Date Introduced: February 12, 2013

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-34.1-1 of the General Laws in Chapter 44-34.1 entitled "Motor
2 Vehicle and Trailer Excise Tax Elimination Act of 1998" is hereby amended to read as follows:

3 **44-34.1-1. Excise tax phase-out.** -- (a) (1) Notwithstanding the provisions of chapter 34
4 of this title or any other provisions to the contrary, the motor vehicle and trailer excise tax
5 established by section 44-34-1 may be phased out. The phase-out shall apply to all motor vehicles
6 and trailers, including leased vehicles.

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

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

18 (c) (1) The motor vehicle excise tax phase-out shall commence with the excise tax bills
19 mailed to taxpayers for the fiscal year 2000. The phase-out, beyond fiscal year 2003, shall be

1 subject to annual review and appropriation by the general assembly. The tax assessors of the
 2 various cities and towns and fire districts shall reduce the average retail value of each vehicle
 3 assessed by using the prorated exemptions from the following table:

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

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

19 ~~for~~ For fiscal year ~~2011~~ 2014 and thereafter, the exemption shall be ~~five hundred dollars~~
 20 ~~(\$500)~~ six thousand dollars (\$6,000). Cities and towns may provide an additional exemption;
 21 provided, however, any such additional exemption shall not be subject to reimbursement.

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

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

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

33 (d) Definitions.

34 (1) "Maximum taxable value" means the value of vehicles as prescribed by section 44-34-

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

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

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

14 SECTION 2. Sections 44-18-18 and 44-18-20 of the General Laws in Chapter 44-18
15 entitled "Sales and Use Taxes - Liability and Computation" are hereby amended to read as
16 follows:

17 **44-18-18. Sales tax imposed. [Effective October 1, 2012.] --** A tax is imposed upon
18 sales at retail in this state including charges for rentals of living quarters in hotels as defined in
19 section 42-63.1-2, rooming houses, or tourist camps, at the rate of six percent (6%) of the gross
20 receipts of the retailer from the sales or rental charges; provided, that the tax imposed on charges
21 for the rentals applies only to the first period of not exceeding thirty (30) consecutive calendar
22 days of each rental; provided, further, that for the period commencing July 1, 1990, the tax rate is
23 seven percent (7%). The tax is paid to the tax administrator by the retailer at the time and in the
24 manner provided. Excluded from this tax are those living quarters in hotels, rooming houses, or
25 tourist camps for which the occupant has a written lease for the living quarters which lease covers
26 a rental period of twelve (12) months or more. In recognition of the work being performed by the
27 Streamlined Sales and Use Tax Governing Board, upon any federal law which requires remote
28 sellers to collect and remit taxes, effective the first (1st) day of the first (1st) state fiscal quarter
29 following the change, the rate imposed under section 44-18-18 shall be six and one-half percent
30 (6.5%). [An additional one percent \(1%\) sales tax shall be imposed on all sailing vessels sold in](#)
31 [excess of one hundred thousand dollars \(\\$100,000\).](#)

32 **44-18-20. Use tax imposed. [Effective October 1, 2012.] --** (a) An excise tax is imposed
33 on the storage, use, or other consumption in this state of tangible personal property, prewritten
34 computer software delivered electronically or by load and leave or services as defined in section

1 44-18-7.3; including a motor vehicle, a boat, an airplane, or a trailer, purchased from any retailer
2 at the rate of six percent (6%) of the sale price of the property.

3 (b) An excise tax is imposed on the storage, use, or other consumption in this state of a
4 motor vehicle, a boat, an airplane, or a trailer purchased from other than a licensed motor vehicle
5 dealer or other than a retailer of boats, airplanes, or trailers respectively, at the rate of six percent
6 (6%) of the sale price of the motor vehicle, boat, airplane, or trailer.

7 (c) The word "trailer" as used in this section and in section 44-18-21 means and includes
8 those defined in section 31-1-5(a) -- (e) and also includes boat trailers, camping trailers, house
9 trailers, and mobile homes.

10 (d) Notwithstanding the provisions contained in this section and in section 44-18-21
11 relating to the imposition of a use tax and liability for this tax on certain casual sales, no tax is
12 payable in any casual sale:

13 (1) When the transferee or purchaser is the spouse, mother, father, brother, sister, or
14 child of the transferor or seller;

15 (2) When the transfer or sale is made in connection with the organization, reorganization,
16 dissolution, or partial liquidation of a business entity; provided:

17 (i) The last taxable sale, transfer, or use of the article being transferred or sold was
18 subjected to a tax imposed by this chapter;

19 (ii) The transferee is the business entity referred to or is a stockholder, owner, member,
20 or partner; and

21 (iii) Any gain or loss to the transferor is not recognized for income tax purposes under
22 the provisions of the federal income tax law and treasury regulations and rulings issued
23 thereunder;

24 (3) When the sale or transfer is of a trailer, other than a camping trailer, of the type
25 ordinarily used for residential purposes and commonly known as a house trailer or as a mobile
26 home; or

27 (4) When the transferee or purchaser is exempt under the provisions of section 44-18-30
28 or other general law of this state or special act of the general assembly of this state.

29 (e) The term "casual" means a sale made by a person other than a retailer; provided, that
30 in the case of a sale of a motor vehicle, the term means a sale made by a person other than a
31 licensed motor vehicle dealer or an auctioneer at an auction sale. In no case is the tax imposed
32 under the provisions of subsections (a) and (b) of this section on the storage, use, or other
33 consumption in this state of a used motor vehicle less than the product obtained by multiplying
34 the amount of the retail dollar value at the time of purchase of the motor vehicle by the applicable

1 tax rate; provided, that where the amount of the sale price exceeds the amount of the retail dollar
2 value, the tax is based on the sale price. The tax administrator shall use as his or her guide the
3 retail dollar value as shown in the current issue of any nationally recognized used vehicle guide
4 for appraisal purposes in this state. On request within thirty (30) days by the taxpayer after
5 payment of the tax, if the tax administrator determines that the retail dollar value as stated in this
6 subsection is inequitable or unreasonable, he or she shall, after affording the taxpayer reasonable
7 opportunity to be heard, re-determine the tax.

8 (f) Every person making more than five (5) retail sales of tangible personal property or
9 prewritten computer software delivered electronically or by load and leave, or services as defined
10 in section 44-18-7.3 during any twelve (12) month period, including sales made in the capacity of
11 assignee for the benefit of creditors or receiver or trustee in bankruptcy, is considered a retailer
12 within the provisions of this chapter.

13 (g) (1) "Casual sale" includes a sale of tangible personal property not held or used by a
14 seller in the course of activities for which the seller is required to hold a seller's permit or permits
15 or would be required to hold a seller's permit or permits if the activities were conducted in this
16 state; provided, that the sale is not one of a series of sales sufficient in number, scope, and
17 character (more than five (5) in any twelve (12) month period) to constitute an activity for which
18 the seller is required to hold a seller's permit or would be required to hold a seller's permit if the
19 activity were conducted in this state.

20 (2) Casual sales also include sales made at bazaars, fairs, picnics, or similar events by
21 nonprofit organizations, which are organized for charitable, educational, civic, religious, social,
22 recreational, fraternal, or literary purposes during two (2) events not to exceed a total of six (6)
23 days duration each calendar year. Each event requires the issuance of a permit by the division of
24 taxation. Where sales are made at events by a vendor, which holds a sales tax permit and is not a
25 nonprofit organization, the sales are in the regular course of business and are not exempt as casual
26 sales.

27 (h) The use tax imposed under this section for the period commencing July 1, 1990 is at
28 the rate of seven percent (7%). In recognition of the work being performed by the Streamlined
29 Sales and Use Tax Governing Board, upon any federal law which requires remote sellers to
30 collect and remit taxes, effective the first (1st) day of the first (1st) state fiscal quarter following
31 the change, the rate imposed under section 44-18-18 shall be six and one-half percent (6.5%).

32 [\(i\) An annual property tax of one percent \(1%\) is imposed on all sailing vessels registered](#)
33 [in the state and valued in excess of one hundred thousand dollars \(\\$100,000\).](#)

1 SECTION 3. This act shall take effect on July 1, 2013.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO TAXATION -- MOTOR VEHICLE TAX

1 This act would increase the exemption for property tax for motor vehicles to six thousand
2 dollars (\$6,000) and would impose an additional one percent (1%) sales tax on sailing vessels
3 sold in excess of one hundred thousand dollars (\$100,000) and would impose an annual one
4 percent (1%) property tax on vessels valued in excess of one hundred thousand dollars
5 (\$100,000).

6 This act would take effect on July 1, 2013.

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