2015 -- S 0227

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N   A C T

RELATING TO TAXATION -- MOTOR VEHICLE TAX ELIMINATION

Introduced By: Senators Crowley, Nesselbush, Picard, Metts, and Satchell

Date Introduced: February 11, 2015

Referred To: Senate 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 § 44-34-1 may be phased out. The phase-out shall apply to all motor vehicles and

6 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 44-34-11(c)(1) and in accordance with the terms as defined in subsection (d) of this section;

15 provided, however, that the maximum taxable value percentage applicable to model year values

16 as of December 31, 1997, shall continue to be applicable in future year valuations aged by one

17 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:

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

12   for fiscal years 2008, 2009 and 2010 the exemption and the state fiscal year

13   reimbursement shall be increased, at a minimum, to the maximum amount to the nearest two

14   hundred and fifty dollar ($250) increment within the allocation of one and twenty-two hundredths

15   percent (1.22%) of net terminal income derived from video lottery games pursuant to the

16   provisions of § 42-61-15, and in no event shall the exemption in any fiscal year be less than the

17   prior fiscal year.

18   for fiscal year 2011 and thereafter, the exemption shall be five hundred dollars ($500);

19   provided, however, that for fiscal years 2017 and thereafter, the exemption shall be six thousand

20   dollars ($6,000) for residents of distressed communities as defined in §45-13-12, reimbursement

21   for which shall be from the state general fund. Cities and towns may otherwise provide an

22   additional exemption; provided, however, any such additional exemption shall not be subject to

23   reimbursement.

24   (2) The excise tax phase-out shall provide levels of assessed value reductions until the tax

25   is eliminated or reduced as provided in this chapter.

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

27   (4) The excise tax rates and ratios of assessment shall be maintained at a level identical to

28   the level in effect for fiscal year 1998 for each city, town, and fire district; provided, in the town

29   of Johnston the excise tax rate and ratios of assessment shall be maintained at a level identical to

30   the level in effect for fiscal year 1999 levels and the levy of a city, town, or fire district shall be

31   limited to the lesser of the maximum taxable value or net assessed value for purposes of

32   collecting the tax in any given year. Provided, however, for fiscal year 2011 and thereafter, the

33   rates and ratios of assessment may be less than but not more than the rates described in this

34   subsection (4).

1   (d) Definitions.

2   (1) "Maximum taxable value" means the value of vehicles as prescribed by § 44-34-11

3   reduced by the percentage of assessed value applicable to model year values as determined by the

4   Rhode Island vehicle value commission as of December 31, 1997, for the vehicles valued by the

5   commission as of December 31, 1997. For all vehicle value types not valued by the Rhode Island

6   vehicle value commission as of December 31, 1997, the maximum taxable value shall be the

7   latest value determined by a local assessor from an appropriate pricing guide, multiplied by the

8   ratio of assessment used by that city, town, or fire district for a particular model year as of

9   December 31, 1997.

10   (2) "Net assessed value" means the motor vehicle values as determined in accordance

11   with § 44-34-11 less all personal exemptions allowed by cities, towns, fire districts, and the state

12   of Rhode Island exemption value as provided for in § 44-34.1-1(c)(1).

13   (e) If any provision of this chapter shall be held invalid by any court of competent

14   jurisdiction, the remainder of this chapter and the applications of the provisions hereof shall not

15   be effected thereby.

16   SECTION 2. This act shall take effect upon passage.

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

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1   This act would provide a six thousand dollar ($6,000) state funded exemption to the

2   motor vehicle excise tax for residents of distressed communities beginning in fiscal year 2017.

3   This act would take effect upon passage.

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