

2011 -- S 1089

=====  
LC02988  
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

-----  
A N A C T

RELATING TO TAXATION - MOTOR VEHICLE TAX ELIMINATION

Introduced By: Senator Daniel DaPonte

Date Introduced: June 28, 2011

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 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		State fiscal year
5 Exempt from value	Local Exemption	Reimbursement
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	\$5,000	\$5,000
12 for fiscal year 2007	\$6,000	\$6,000

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

19 for fiscal year 2011 and thereafter, the exemption shall be five hundred dollars (\$500).  
20 Cities and towns may provide an additional exemption of five thousand five hundred dollars  
21 (\$5,500) or more; provided, however, any such additional exemption shall not be subject to  
22 reimbursement.

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

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

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

34 (d) Definitions.

1 (1) "Maximum taxable value" means the value of vehicles as prescribed by section 44-34-  
2 11 reduced by the percentage of assessed value applicable to model year values as determined by  
3 the Rhode Island vehicle value commission as of December 31, 1997, for the vehicles valued by  
4 the commission as of December 31, 1997. For all vehicle value types not valued by the Rhode  
5 Island vehicle value commission as of December 31, 1997, the maximum taxable value shall be  
6 the latest value determined by a local assessor from an appropriate pricing guide, multiplied by  
7 the ratio of assessment used by that city, town, or fire district for a particular model year as of  
8 December 31, 1997.

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

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

15 (f) Notwithstanding the provisions of chapter 34 of this title or any other provision of the  
16 general laws or rule or regulation to the contrary, if any vehicle is rented for a period of less than  
17 six (6) months or on a transient basis and the rental car company has more than four hundred  
18 (400) vehicles registered in the state, the maximum excise tax rate to be imposed on any rented  
19 vehicle by the tax assessor of the city or town where the vehicle is registered shall not exceed  
20 twenty-nine dollars and fifty-three cents (\$29.53) per one thousand dollars (\$1,000) of the  
21 vehicle's assessed value for the fiscal year 2012. For fiscal year 2013 and beyond, the maximum  
22 tax rate shall be adjusted to the average of all tax rates imposed by all municipalities for the prior  
23 fiscal year as calculated by the division of municipal finance.

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

=====  
LC02988  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO TAXATION - MOTOR VEHICLE TAX ELIMINATION

\*\*\*

1           This act would set a maximum excise tax rate on rental cars if the rental car company has  
2 more than four hundred (400) registered vehicles in the state and the vehicle is rented for less  
3 than six (6) months.

4           This act would take effect upon passage.

=====  
LC02988  
=====