

2012 -- S 2472

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO TAXATION -- EXCISE ON MOTOR VEHICLES AND TRAILERS

Introduced By: Senators DiPalma, Lanzi, Pichardo, and Picard

Date Introduced: February 16, 2012

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-34-11 of the General Laws in Chapter 44-34 entitled "Excise on
2 Motor Vehicles and Trailers" is hereby amended to read as follows:

3 **44-34-11. Rhode Island vehicle value commission.** -- (a) There is hereby authorized,
4 created, and established the "Rhode Island vehicle value commission" whose function it is to
5 establish presumptive values of vehicles and trailers subject to the excise tax.

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

7 (1) The director of the department of revenue or his/her designee from the department of
8 revenue, ~~who shall serve as chair;~~

9 (2) Five (5) local tax officials named by the governor, at least one of whom shall be from
10 a city or town under ten thousand (10,000) population and at least one of whom is from a city or
11 town over fifty thousand (50,000) population in making these appointments the governor shall
12 give due consideration to the recommendations submitted by the President of the Rhode Island
13 League of Cities and Towns and each appointment shall be subject to the advice and consent of
14 the senate;

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

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

19 (5) Current legislative appointees shall cease to be members of the commission upon the

1 effective date of this act. Non-legislative appointees to the commission may serve out their terms
2 whereupon their successors shall be appointed in accordance with this act. No one shall be
3 eligible for appointment to the commission unless he or she is a resident of this state.

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

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

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

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

14 (i) Ninety percent (90%) of The the average retail price of similar vehicles of the same
15 make, model, type, and year of manufacture as reported by motor vehicle dealers or by official
16 used car guides, such as that of the National Automobile Dealers Association for New England.
17 Where regional guides are not available, the commission shall use other publications deemed
18 appropriate; and

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

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

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

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

33 (d) The commission shall adopt rules governing its organization and the conduct of its
34 business; prior to the adoption of the rules, the chair shall have the power to call meetings, and a

1 simple majority of the members of the commission, as provided for in subsection (b) of this
2 section, is necessary for a quorum, which quorum by majority vote shall have the power to
3 conduct business in the name of the commission. The commission may adopt rules and elect from
4 among its members such other officers as it deems necessary.

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

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

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

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

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

1 of state's websites as prescribed in section 42-20-8.2. The director of the department of revenue
2 shall be responsible for the enforcement of this provision.

3 SECTION 2. Chapter 44-34 of the General Laws entitled "Excise on Motor Vehicles and
4 Trailers" is hereby amended by adding thereto the following section:

5 **44-34-15. Minimum tax.** – Any city or town by ordinance may establish a minimum tax
6 not to exceed one hundred dollars (\$100) per year reduced in proportion to the days in the years
7 the vehicle was located in such city or town, and any previously applied motor vehicle excise tax
8 in excess of the ordinance enacted minimum tax shall be applied a credit to the minimum tax.

9 SECTION 3. Section 44-34.1-1 of the General Laws in Chapter 44-34.1 entitled "Motor
10 Vehicle and Trailer Excise Tax Elimination Act of 1998" is hereby amended to read as follows:

11 **44-34.1-1. Excise tax phase-out.** -- (a) (1) Notwithstanding the provisions of chapter 34
12 of this title or any other provisions to the contrary, the motor vehicle and trailer excise tax
13 established by section 44-34-1 may be phased out. The phase-out shall apply to all motor vehicles
14 and trailers, including leased vehicles.

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

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

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

Local Fiscal Year	Local Exemption	State fiscal year Reimbursement
fiscal year 1999	0	\$1,500
fiscal year 2000	\$1,500	\$2,500

1	fiscal year 2001	\$2,500	\$3,500
2	fiscal year 2002	\$3,500	\$4,500
3	fiscal years 2003, 2004		
4	and 2005	\$4,500	\$4,500
5	for fiscal year 2006 and	\$5,000	\$5,000
6	for fiscal year 2007	\$6,000	\$6,000

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

13 for fiscal year 2011 and thereafter, the exemption shall be five hundred dollars (\$500).
14 Cities and towns may provide an additional exemption; provided, however, any such additional
15 exemption shall not be subject to reimbursement.

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

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

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

27 (d) Definitions.

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

1 ~~December 31, 1997.~~

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

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

8 SECTION 4. This act shall take effect upon passage, and shall be applicable to the
9 assignment of values as of December 31, 2011, and each year thereafter, and to the excise tax
10 levy and minimum tax levy for the tax year 2012 and each tax year thereafter.

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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 establish motor vehicle valuations at ninety percent (90%) of average
2 retail price, and would also establish a minimum tax.

3 This act would take effect upon passage and would apply to the assignment of values as
4 of December 31, 2011 and each year thereafter, and to the excise tax levy and minimum tax levy
5 for the tax year 2012, and each tax year thereafter.

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