

2024 -- S 2586

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO MOTOR AND OTHER VEHICLES -- RENTAL VEHICLE SURCHARGE

Introduced By: Senators Ruggerio, Lawson, Pearson, and Gallo

Date Introduced: March 01, 2024

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 31-34.1-2 and 31-34.1-4 of the General Laws in Chapter 31-34.1
2 entitled "Rental Vehicle Surcharge" are hereby amended to read as follows:

3 **31-34.1-2. Rental vehicle surcharge.**

4 (a) Each rental company shall collect, at the time a motor vehicle is rented in this state, on
5 each rental contract, a surcharge equal to eight percent (8.0%) of gross receipts per vehicle on all
6 rentals for each of the first thirty (30) consecutive days. The surcharge shall be computed prior to
7 the assessment of any applicable sales taxes, provided, however, the surcharge shall be subject to
8 the sales tax.

9 (b) The surcharge shall be included on the rental contract and collected in accordance with
10 the terms of the rental contract. ~~Sixty~~ Twenty percent ~~(60%)~~ (20%) of the surcharge shall be
11 retained by the rental company in accordance with this section and subsection (c), and ~~forty eight~~
12 percent ~~(40%)~~ (80%) of the surcharge shall be remitted to the state for deposit in the general fund,
13 on a quarterly basis in accordance with a schedule adopted by the tax administration. Each rental
14 company collecting and retaining surcharge amounts may reimburse itself in accordance with this
15 section from the funds retained for the total amount of motor vehicle licensing fees, title fees,
16 registration fees and transfer fees paid to the state of Rhode Island ~~and excise taxes imposed upon~~
17 ~~the rental companies' motor vehicles during the prior calendar year~~; provided, that rental companies
18 shall not be authorized to reimburse themselves for title fees, motor vehicles licensing fees, transfer
19 fees, registration fees ~~and excise taxes~~ unless those fees and taxes shall have been assessed and paid

1 in full to the state or appropriate city or town prior to any reimbursement. No reimbursement shall
2 be allowed upon the prepayment of any fees ~~or excise taxes~~.

3 (c) At a date to be set by the state tax administrator, but not later than February 15th of any
4 calendar year, each rental company shall, in addition to filing a quarterly remittance form, file a
5 report with the state tax administrator on a form prescribed by him or her, stating the total amount
6 of motor vehicles licensing fees, transfer fees, title fees, and registration fees ~~and excise taxes~~ paid
7 by the rental company in the previous year. The amount, if any, by which the surcharge collections
8 exceed the amount of licensing fees, title fees, transfer fees, and registration fees ~~and excise taxes~~
9 paid shall be remitted by the rental company to the state of Rhode Island for deposit in the Rhode
10 Island highway maintenance fund beginning in fiscal year 2015.

11 **31-34.1-4. False reports — Penalties.**

12 Any person making a false report to the tax administrator with the intent to misrepresent
13 the amount of title fees, motor vehicle licensing fees, or transfer fees ~~or excise fees~~ paid or the
14 amount of surcharges collected or who knowingly fails to collect the surcharge as required by this
15 section shall be guilty of a misdemeanor and shall upon conviction of each offense be fined not
16 more than one thousand dollars (\$1,000) or be imprisoned for not more than one year, or by both
17 fine and imprisonment. In addition to the above penalty, any person convicted of a violation of this
18 section shall forfeit their right to reimbursement for expenses and shall remit the entire ~~six percent~~
19 ~~(6%)~~ eight percent (8%) surcharge collected to the state in a manner consistent with § 31-34.1-2.

20 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 increase the amount of the rental vehicle surcharge retained by the state
2 from forty percent (40%) to eighty percent (80%) and eliminates excise taxes imposed upon rental
3 car companies. It would also require violators making false reports to forfeit their right to
4 reimbursement for expenses and remit eight percent (8%) surcharge collected to the state.

5 This act would take effect upon passage.

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