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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 -- EXCISE ON MOTOR VEHICLES AND TRAILERS

Introduced By: Representatives Reilly, Chippendale, Giarrusso, and Roberts

Date Introduced: February 25, 2015

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-34-3 and 44-34-11 of the General Laws in Chapter 44-34
2 entitled "Excise on Motor Vehicles and Trailers" are hereby amended to read as follows:

3 **44-34-3. Assessment roll -- Rate -- Payment -- Penalty upon non-payment.** -- (a) The
4 assessor, on the basis of a list of uniform values for motor vehicles prepared by the Rhode Island
5 vehicle value commission pursuant to § 44-34-8, shall make a list containing the value of every
6 vehicle and trailer in the city or town which is subject to the provisions of § 44-34-2, the values to
7 be at the average retail price as determined under § 44-34-2 or at a uniform percentage of these,
8 not to exceed one hundred percent (100%), to be determined by the assessors in each city or
9 town; provided, that every vehicle and trailer in the city of Pawtucket shall be assessed in
10 accordance with §§ 44-5-20.1 and 44-5-20.2; provided, further, that motor vehicles owned,
11 leased, or utilized by rental companies, as those terms are defined in § 31-34.1-1, shall not be
12 valued for excise tax purposes at an amount greater than [the manufacturer's suggested retail price](#)
13 ~~the National Automobile Dealers Association average retail value~~ for new vehicles for the year
14 and vehicle model in question [as set forth in § 44-34-15](#).

15 (b) The excise tax levy shall be applied to the excise assessment roll at the rate
16 established by the assessors for all other property except manufacturer's machinery and
17 equipment in accordance with § 44-5-22 and the resulting tax roll shall be certified by the
18 assessors to the city or town clerk, treasurer, or tax collector, as the case may be, not later than
19 June 15 next succeeding. Prior to the resulting tax roll being certified to the Pawtucket city clerk,

1 the excise levy shall be applied to the excise assessment roll in accordance with the property tax
2 classification described in §§ 44-5-20.3 and 44-5-20.5. In the city of Woonsocket, the excise tax
3 levy shall be applied to the excise assessment roll at a rate that will produce no more than
4 nineteen percent (19%) of the total tax levy as prescribed in § 44-5-11.6. In the town of Lincoln,
5 the excise tax levy shall be applied to the excise assessment roll at a rate that produces an amount
6 equal to no more than seventeen percent (17%) of the total real estate tax levy.

7 (c) If any vehicle or trailer liable to taxation in any city or town has been omitted from
8 the tax roll, the tax assessment shall assess the vehicle or trailer on a supplemental excise
9 assessment roll and shall certify the assessment to the tax collector after June 15, but not later
10 than December 31 next succeeding.

11 (d) As soon after this as possible, the tax collector shall cause excise bills to be sent by
12 first class mail to all persons, corporations, partnerships, joint stock companies, or associations
13 that have registered vehicles or trailers during the calendar year of proration. The bills shall be
14 paid in accordance with § 44-5-7 at the same time and on the same schedule as property tax bills.
15 Failure to pay the excise at the appropriated time shall bring about a penalty of eighteen percent
16 (18%) per annum, or, in the case of the city of Cranston, a penalty of twelve percent (12%) per
17 annum which applies on the date of the delinquency or, for any city or town fiscal year
18 commencing between January 1, 1980, and December 31, 1980, after approval by the proper local
19 authority, at the same rate of interest as that which is applied to delinquent property taxes in the
20 taxing jurisdiction.

21 (e) Failure by the tax collector to send, or by the taxpayer to receive, a bill shall not
22 excuse the nonpayment of the tax or affect its validity or any proceedings for the collection.

23 (f) This section does not apply to any and all entities which are exempt from the excise
24 as prescribed in § 44-34-2.

25 **44-34-11. Rhode Island vehicle value commission.** -- (a) There is hereby authorized,
26 created, and established the "Rhode Island vehicle value commission" whose function it is to
27 establish presumptive values of vehicles and trailers subject to the excise tax.

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

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

31 (2) Five (5) local tax officials named by the governor, at least one of whom shall be from
32 a city or town under ten thousand (10,000) population and at least one of whom is from a city or
33 town over fifty thousand (50,000) population in making these appointments the governor shall
34 give due consideration to the recommendations submitted by the President of the Rhode Island

1 League of Cities and Towns and each appointment shall be subject to the advice and consent of
2 the senate;

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

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

7 (5) Current legislative appointees shall cease to be members of the commission upon the
8 effective date of this act. Non-legislative appointees to the commission may serve out their terms
9 whereupon their successors shall be appointed in accordance with this act. No one shall be
10 eligible for appointment to the commission unless he or she is a resident of this state.

11 (6) Public members of the commission shall be removable by the governor pursuant to §
12 36-1-7 for cause only, and removal solely for partisan or personal reasons unrelated to capacity or
13 fitness for the office shall be unlawful.

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

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

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

21 (i) The ~~average manufacturer's suggested~~ retail price ~~for that vehicle of similar vehicles~~
22 ~~of the same make, model, type, and year of manufacture~~ as reported by motor vehicle dealers or
23 by official used car guides, ~~such as that of the National Automobile Dealers Association for New~~
24 ~~England~~ and the calculation as set forth in § 44-34-15. Where regional guides are not available,
25 the commission shall use other publications deemed appropriate; and

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

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

33 (3) Nothing in this section shall be deemed to require the commission to determine the
34 presumptive value of vehicles and trailers which are unique, to which special equipment has been

1 added or to which special modifications have been made, or for which adequate information is
2 not available from the sources referenced in subdivision (1) of this subsection; provided, that the
3 commission may consider those factors in its lists or regulations.

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

6 (d) The commission shall adopt rules governing its organization and the conduct of its
7 business; prior to the adoption of the rules, the chair shall have the power to call meetings, and a
8 simple majority of the members of the commission, as provided for in subsection (b) of this
9 section, is necessary for a quorum, which quorum by majority vote shall have the power to
10 conduct business in the name of the commission. The commission may adopt rules and elect from
11 among its members such other officers as it deems necessary.

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

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

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

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

28 (i) Within ninety (90) days after the end of each fiscal year, the commission shall
29 approve and submit an annual report to the governor, the speaker of the house of representatives,
30 the president of the senate, and the secretary of state of its activities during that fiscal year. The
31 report shall provide: an operating statement summarizing meetings or hearings held, meeting
32 minutes if requested, subjects addressed, decisions rendered, rules or regulations promulgated,
33 studies conducted, policies and plans developed, approved, or modified, and programs
34 administered or initiated; a consolidated financial statement of all funds received and expended

1 including the source of the funds, a listing of any staff supported by these funds, and a summary
 2 of any clerical, administrative or technical support received; a summary of performance during
 3 the previous fiscal year including accomplishments, shortcomings and remedies; a synopsis of
 4 hearings, complaints, suspensions, or other legal matters related to the authority of the
 5 commission; a summary of any training courses held pursuant to this subsection, a briefing on
 6 anticipated activities in the upcoming fiscal year; and findings and recommendations for
 7 improvements. The report shall be posted electronically on the general assembly and the secretary
 8 of state's websites as prescribed in § 42-20-8.2. The director of the department of revenue shall be
 9 responsible for the enforcement of this provision.

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

12 **44-34-15. Calculation of the excise amount.** -- The amount of the motor vehicle excise
 13 due on any particular vehicle or trailer in any registration year is calculated by multiplying the
 14 value of the vehicle by the motor vehicle excise rate. That rate is fixed at twenty-five dollars
 15 (\$25.00) per thousand dollars of value. The value of a vehicle for the purpose of the excise is the
 16 applicable percentage for that year of the manufacturer's suggested retail price for that vehicle.
 17 The applicable percentages are set out as follows:

18	<u>In the year preceding the year of manufacture</u>	<u>50%</u>
19	<u>In the year of manufacture</u>	<u>90%</u>
20	<u>In the second year</u>	<u>60%</u>
21	<u>In the third year</u>	<u>40%</u>
22	<u>In the fourth year</u>	<u>25%</u>
23	<u>In the fifth and succeeding years</u>	<u>10%</u>

24 The manufacturer's list price for any particular vehicle is the price recommended by the
 25 manufacturer as the selling price of that vehicle when new. It is the manufacturer's list price
 26 rather than the actual purchase price which will control for purposes of calculating the motor
 27 vehicle excise. The following models illustrate calculations of amounts due for representative
 28 automobiles.

29 Model 1

30 Model 1 assumes a motor vehicle purchased in the year preceding the year of
 31 manufacture with a manufacturer's list price of fifteen thousand dollars (\$15,000).

32	<u>Manufacturer's List</u>		<u>Value for</u>		<u>Rate Excise</u>
33	<u>Price</u>	<u>Percentage</u>	<u>Excise Purposes</u>		<u>Amount</u>
34	<u>Year of Purchase</u>	<u>\$15,000 X 50%</u>	<u>=</u>	<u>\$7,500 X .025</u>	<u>=</u> <u>\$187.50</u>

1	<u>Second Year</u>	<u>\$15,000 X 90%</u>	<u>≡</u>	<u>\$13,500 X .025</u>	<u>≡</u>	<u>\$337.50</u>
2	<u>Third Year</u>	<u>\$15,000 X 60%</u>	<u>≡</u>	<u>\$9,000 X .025</u>	<u>≡</u>	<u>\$225.00</u>
3	<u>Fourth Year</u>	<u>\$15,000 X 40%</u>	<u>≡</u>	<u>\$6,000 X .025</u>	<u>≡</u>	<u>\$150.00</u>
4	<u>Fifth Year</u>	<u>\$15,000 X 25%</u>	<u>≡</u>	<u>\$3,750 X .025</u>	<u>≡</u>	<u>\$93.75</u>
5	<u>Sixth (and all</u>	<u>\$15,000 X 10%</u>	<u>≡</u>	<u>\$1,500 X .025</u>	<u>≡</u>	<u>\$37.50</u>
6	<u>ensuing years)</u>					

7 Model 2

8 Model 2 assumes a motor vehicle purchased two (2) years succeeding the year of
9 manufacture with a manufacturer's list price of nineteen thousand dollars (\$19,000).

10	<u>Manufacturer's List</u>			<u>Value for</u>		<u>Rate Excise</u>
11	<u>Price Amount</u>	<u>Percentage</u>		<u>Excise Purposes</u>		<u>Amount</u>
12	<u>Year of Purchase</u>	<u>\$19,000 X 40%</u>	<u>≡</u>	<u>\$7,600 X .025</u>	<u>≡</u>	<u>\$190.00</u>
13	<u>Second Year</u>	<u>\$19,000 X 25%</u>	<u>≡</u>	<u>\$4,750 X .025</u>	<u>≡</u>	<u>\$118.75</u>
14	<u>Third Year</u>	<u>\$19,000 X 10%</u>	<u>≡</u>	<u>\$1,900 X .025</u>	<u>≡</u>	<u>\$47.50</u>
15	<u>(and all ensuing years)</u>					

16 SECTION 3. This act shall take effect upon passage.

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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 determine the amount of the motor vehicle excise tax due on any
2 particular vehicle or trailer in any registration year, based upon a new calculation contained in the
3 act.

4 This act would take effect upon passage.

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