

RESOLUTION OF THE CITY COUNCIL

No. 225

Approved May 9, 1997

RESOLVED, That the City Council endorses and urges passage by the General Assembly of An Act Relating to Taxation, in substantially the form attached.

IN CITY COUNCIL
MAY 1 1997
READ AND PASSED

Evelyn J. Fargnoli
PRES.
Michael R. Clement
CLERK

APPROVED
MAY 9 1997
Vincenzo DiCarano
MAYOR

THE COMMITTEE ON
MAR 6 1997

Recommends

Michael A. Clement
Clerk

State Legislation

APR 21 1997

State Legislation

Juan M. Angilone
Clerk

Council President Dargatzis and Councilman Rollins (By Request)

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 1997

AN ACT

RELATING TO TAXATION -- IMPOSITION OF EARNINGS TAX --REPEAL OF
MOTOR VEHICLE EXCISE TAX -- COMPLETE PHASE OUT
OF TANGIBLE PERSONAL PROPERTY TAX - LIMITING INCREASES IN
PROPERTY TAXES

Introduced By:

Date Introduced:

Referred To:

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 44 of the General Laws entitled "Taxation" is hereby
2 amended by adding thereto Chapter 54 entitled "Earnings Tax."

3 44-54-1. Short Title - This chapter shall be known and may be cited as "the
4 earnings tax."

5 44-54-2. Legislative findings - It is hereby found by the General Assembly as
6 follows:

7 (1) That the families and businesses of Rhode Island pay among the highest
8 property taxes in the country, the burden being greater than that imposed in at least 40
9 other states;

10 (2) That the property tax levy in all the cities and towns has almost doubled in
11 the last decade, increasing by more than 550 million dollars despite an economic
12 downturn that has prevailed during most of this period;

13 (3) That it is contrary to sound public policy to impose an excessive burden of
14 taxation on residential property, upon which we must all depend for shelter, and on
15 business property, which promotes the economic well-being of the people;

16 (4) That the property tax represents about 60 percent of the revenue of our cities
17 and towns, which is double the national average and the second highest rate of
18 dependence in the country;

1 (5) That the property tax levy in Rhode Island raises more revenue than the state
 2 income tax and sales tax combined;

3 (6) That especially in the older cities, the portion of property value that is exempt
 4 from the property tax is high and is increasing as health, educational and governmental
 5 institutions abound;

6 (7) That the tax on automobiles and business tangible property is set at a higher
 7 rate in many communities than the tax on real estate, and is a factor causing
 8 homeowners and businesses to leave the community;

9 (8) That many other states have no property taxes on automobiles and business
 10 tangibles or have much lower rates of taxation than prevail in Rhode Island;

11 (9) That the adverse effects of high property tax rates, excessive taxes on
 12 business property and automobiles, and expanding tax-exempt uses are felt generally in
 13 the state but are most deleterious in the older cities of the state;

14 (10) That most business investment and economic activity is concentrated in the
 15 older cities, and the ability of these cities to provide public services of vital importance
 16 to employees is compromised by the weaknesses of the property tax.

17 **44-54-3. Declaration of Purpose** - The General Assembly hereby declares that
 18 the cities and towns provide vitally important public services and need a reliable and
 19 growing source of revenue to augment the property tax; that a tax on earnings is the
 20 most advantageous means of raising the needed revenue; that most of the augmented
 21 revenue thereby raised must be dedicated to a reduction of the property tax burden; and
 22 that a lessening of this burden will promote the well-being and common wealth of the
 23 citizens of this state.

24 **44-54-4. - Definitions** - The following words, terms and phrases, when used in
 25 this chapter, shall have the meanings ascribed to them in this chapter, except where the
 26 context clearly indicates a different meaning.

27 (1) *Business* means an enterprise, activity, profession or undertaking of any
 28 nature conducted for profit or ordinarily conducted for profit whether by an individual,
 29 copartnership, association, governmental body or unit or agency or any other entity.

30 (2) *Tax Administrator* means the Administrator of the Division of Taxation,
 31 State of Rhode Island.

32 (3) *Employee* means any person who renders or has rendered any services to
 33 another for a consideration or its equivalent, under an express or implied contract, and
 34 who is or was under the control and direction of the latter when rendering the services
 35 including temporary, provisional, casual or part-time employment.

36 (4) *Employer* means an individual, copartnership, association, corporation,
 37 governmental body or unit or agency or any other entity for whom or for which one or
 38 more persons render or have rendered any services on a salary, commission or other
 39 compensation basis.

40 (5) *Nonresident* means an individual domiciled outside the State of Rhode
 41 Island.

42 (6) *Resident* means an individual domiciled in the State of Rhode Island.

43 (7) *Earnings* mean all salaries, wages, commissions, bonuses, incentive
 44 payments, fees, tips, individual earnings from partnerships or S corporations, business
 45 income, self-employment income, and compensation for the performance of personal or
 46 professional services of any kind that may accrue or have accrued whether directly or

1 through an agent and whether in cash or in property for services rendered, but
 2 excluding:

3 (a) Periodical payments for sick or disability benefits, and unemployment
 4 compensation insurance and those commonly recognized as old age
 5 benefits.

6 (b) Retirement pay or pensions paid to persons retired from service after
 7 reaching a specific age or after a stated period of employment.

8 (c) Social security, pension and welfare benefits.

9 (8) *Taxpayer* means any person who is required by chapter 30 of this title to file
 10 a return or to pay taxes on income received.

11 **44-54-5 - Imposition of earnings tax.** - Notwithstanding the provisions of the
 12 General Laws Section 44-3-2.1 and sections 44-30-1 through 44-30-97, a tax shall be
 13 imposed for each taxable year (which shall be the same as the taxable year for federal
 14 tax purposes) at the rate of one (1%) percent on the gross amounts of the following:

15 (1) Earnings earned by residents of the state from sources located both within
 16 and outside the state.

17 (2) Earnings earned by nonresidents of the state from sources located within the
 18 state.

19 **44-54-6. - Requirement of withholding tax from wages.** - Every employer
 20 maintaining an office or transacting business within this state and making payments of
 21 wages subject to the Rhode Island personal income tax law to a resident or nonresident
 22 individual shall deduct and withhold from the employee's salary, wage, commission or
 23 other compensation an amount, on a monthly or more often than monthly basis at the
 24 time of payment thereof, the sum equal to one (1 %) of the gross salary, wage,
 25 commission or other compensation. Said amount withheld pursuant to this chapter shall
 26 be an addition to any amount withheld pursuant to chapter 30 of this title. The moneys
 27 so withheld shall be turned over to the tax administrator at the times and in the manner
 28 prescribed by the tax administrator.

29 **44-54-7. - Records Required.** - Every employer as designated in Section 6 of
 30 this chapter shall keep such books including records, receipts and other pertinent payroll
 31 documents in such form as the tax administrator may require. The records shall be open
 32 at all times to the inspection of the tax administrator and his or her agents and, upon
 33 summons issued by the tax administrator, shall be produced at such time and place as he
 34 or she may designate for inspection by the tax administrator or his or her agents.

35 **44-54-8. - Rules and Regulations - Forms.** - The tax administrator may
 36 prescribe rules and regulations not inconsistent with the law to carry in effect the
 37 provisions of this chapter, which rules and regulations, when reasonably designed to
 38 carry out the intent and purpose of this chapter shall be prima facie evidence of its
 39 proper interpretation. Such rules may from time to time be amended, suspended or
 40 revoked, in whole or in part, by the tax administrator. The tax administrator may
 41 prescribe, and may furnish any forms necessary or proper for the administration of this
 42 chapter.

43 **44-54-9. - Collection Powers.** - The tax administrator shall have the same
 44 powers as is prescribed for the collection of taxes in chapters 1, 7-9, and 30 of this title
 45 for the collection of the taxes, including interest and penalties imposed under this
 46 chapter.

1 **44-54-10. - Hearing by administrator on application.** - Any person
2 aggrieved by any assessment, deficiency, or otherwise, shall notify the tax administrator
3 in writing within thirty (30) days from the date of mailing by the tax administrator of the
4 notice of the assessment and shall request a hearing relative thereto; and the tax
5 administrator or a hearing officer designated by the administrator shall, as soon as
6 practicable, fix a time and place for the hearing and shall, after the hearing, determine
7 the correct amount of the tax, interest, and penalties.

8 **44-54-11. - Appeals.** - Appeals from administrative orders or decisions made
9 pursuant to any provisions of this chapter shall be to the sixth division district court
10 pursuant to chapter 8 of title 8. The taxpayer's right to appeal hereunder shall be
11 expressly made conditional upon prepayment of all taxes, interest, and penalties unless
12 the taxpayer moves for and is granted an exemption from the prepayment requirement to
13 § 8-8-26.

14 **44-54-12. Judgment on review.** - If, upon final determination of the petition, it
15 shall appear that the tax administrator's assessment was correct, the court shall confirm
16 the assessment; or, if incorrect, the court shall determine the proper amount of the tax,
17 interest, and penalties, and if it shall appear that the petitioner by reason of the payment
18 of the tax, interest, and penalties, is entitled to recover the same or any part thereof, the
19 court may order a refund with interest at the annual rate provided by § 44-1-7.1, as
20 amended, or order a credit, as the circumstances may warrant. If a refund is so ordered,
21 it shall be paid by the general treasurer upon certification of the tax administrator with
22 the approval of the director of administration. If it shall appear that the state is entitled
23 to a greater amount of tax, interest, and penalties than assessed or determined by the tax
24 administrator and paid by the petitioner, the court shall order the payment by the
25 petitioner of the additional amount as the court shall determine, and the petitioner shall
26 forthwith pay the amount to the tax administrator. A party aggrieved by a final order of
27 the court may seek review thereof in the supreme court by writ of certiorari in
28 accordance with the procedures contained in § 8-8-32.

29 **44-54-13. Penalty for violations generally.** - Any person who fails or refuses
30 to furnish any return required to be made, or who fails or refuses to furnish any other
31 data required by the tax administrator, or who makes any false or fraudulent return, or
32 who violates any provision of this chapter for which no other penalty is provided, shall
33 be guilty of a felony and shall for each offense be fined not more than ten thousand
34 dollars (\$10,000) or be imprisoned not exceeding one year or both.

35 **44-54-14. - Taxes imposed as additional to other taxes.** - Except as herein
36 otherwise provided, the taxes imposed by this chapter shall be in addition to any other
37 taxes imposed under the authority of this state.

38 **44-54-15. - All moneys received by the tax administrator pursuant to this**
39 **chapter shall be turned over to the General Treasurer of the State of Rhode Island.**
40 - The General Treasurer shall deposit said earnings tax collection proceeds into a
41 special account to be designated as "the Earnings Tax Account." The General Treasurer
42 shall have the authority to invest the earnings tax account funds in short-term
43 investments. The proceeds from such investments will be utilized to defray the
44 expenses of the tax administrator referred to in section 16 of this chapter.

45 **44-54-16. - Authorization of payments of administrative costs.** - The
46 General Treasurer shall quarterly withdraw from the earnings tax account referred to in

1 section 15 of this chapter and pay over to the tax administrator's account a sufficient
 2 sum of money reasonably calculated to compensate the Division of Taxation for the
 3 reasonable and necessary expenses of that division relating only to the assessment,
 4 collection and administration of the earnings tax as provided in this chapter. The
 5 remaining proceeds in the earnings tax account after the payment to the tax
 6 administrator, as herein provided, shall be referred to as the distributable proceeds. Any
 7 payment made to the tax administrator by the General Treasurer for administrative costs
 8 pursuant to this section, must be first approved by the Director of Administration as to
 9 costs related only to the administration of the earnings tax.

10 **44-54-17. - Method of calculating distribution of net proceeds. -** The
 11 General Treasurer shall quarterly distribute or pay over the distributable proceeds to the
 12 various cities and towns according to a formula which shall be calculated annually by
 13 the Office of Municipal Affairs, Division of Planning, Department of Administration.
 14 The formula shall be determined each year by the first of February prior to the
 15 beginning of each fiscal year and shall be made known to all cities and towns by the
 16 fifteenth of February of each year; provided, however, for the fiscal year beginning July
 17 1, 1997 and ending June 30, 1998, the distributable proceeds shall be distributed in
 18 accordance with the sums set forth in Section 44-54-18(1) and (2).

19 **44-54-18. - Distribution Formula. -** (1) For the fiscal year beginning July 1,
 20 1997 and ending June 30, 1998, the General Treasurer shall distribute or pay over from
 21 the distributable proceeds the following amounts to the various cities and towns:

<u>Barrington</u>	<u>\$3.2 million</u>	<u>Narragansett</u>	<u>\$1.2 million</u>
<u>Bristol</u>	<u>\$1.3 million</u>	<u>Newport</u>	<u>\$4.0 million</u>
<u>Burrillville</u>	<u>\$2.0 million</u>	<u>New Shoreham</u>	<u>\$153,000</u>
<u>Central Falls</u>	<u>\$1.2 million</u>	<u>North Kingstown</u>	<u>\$2.8 million</u>
<u>Charlestown</u>	<u>\$350,000</u>	<u>North Providence</u>	<u>\$6.5 million</u>
<u>Coventry</u>	<u>\$2.3 million</u>	<u>North Smithfield</u>	<u>\$2.3 million</u>
<u>Cranston</u>	<u>\$17.3 million</u>	<u>Pawtucket</u>	<u>\$11.7 million</u>
<u>Cumberland</u>	<u>\$2.2 million</u>	<u>Portsmouth</u>	<u>\$1.2 million</u>
<u>East Greenwich</u>	<u>\$2.0 million</u>	<u>Providence</u>	<u>\$46.5 million</u>
<u>East Providence</u>	<u>\$8.0 million</u>	<u>Richmond</u>	<u>\$475,000</u>
<u>Exeter</u>	<u>\$840,000</u>	<u>Scituate</u>	<u>\$1.4 million</u>
<u>Foster</u>	<u>\$691,000</u>	<u>Smithfield</u>	<u>\$4.2 million</u>
<u>Glocester</u>	<u>\$897,000</u>	<u>South Kingstown</u>	<u>\$2.7 million</u>
<u>Hopkinton</u>	<u>\$559,000</u>	<u>Tiverton</u>	<u>\$1.1 million</u>
<u>Jamestown</u>	<u>\$425,000</u>	<u>Warren</u>	<u>\$1.3 million</u>
<u>Johnston</u>	<u>\$3.6 million</u>	<u>Warwick</u>	<u>\$16.3 million</u>
<u>Lincoln</u>	<u>\$2.7 million</u>	<u>Westerly</u>	<u>\$2.4 million</u>
<u>Little Compton</u>	<u>\$283,000</u>	<u>West Greenwich</u>	<u>\$462,000</u>
<u>Middletown</u>	<u>\$1.8 million</u>	<u>West Warwick</u>	<u>\$2.9 million</u>
		<u>Woonsocket</u>	<u>\$6.0 million</u>

Total Distribution: \$167 million

22 (2) The amount distributed or paid over to the various cities and towns in the
 23 fiscal year beginning July 1, 1997 and ending June 30, 1998 in accordance with this
 24 section shall be reduced proportionately in the event that the total collection of the
 25 earnings tax does not equal one hundred and sixty-seven million dollars (\$167,000,000).

1 (3) For the fiscal years beginning July 1, 1998, and for each fiscal year thereafter,
 2 the Office of Municipal Affairs, Division of Planning, Department of Administration,
 3 shall, based upon data provided by the Department of Employment and Training
 4 delineating the amount of earnings attributable to the various cities and towns, calculate
 5 the distributable proceeds of the earnings tax to be distributed or paid out to each city or
 6 town. For the purpose of this calculation, the situs of the city or town which is the
 7 source of the earnings shall determine the city or town to which the earnings shall be
 8 attributed; provided, however, that in the case of earnings of residents of the state earned
 9 outside the state, said earnings shall be attributed to each city or town in a proportional
 10 share equivalent to the share of earnings attributable to each city or town earned inside
 11 the state. The distributable proceeds of the earnings tax shall be distributed or paid out to
 12 each city and town on a pro-rata basis equivalent to the share of the earnings attributable
 13 to each city or town.

14 44-54-19. Severability. - If any provision of this chapter or the application
 15 thereof shall for any reason be judged invalid, that judgment shall not affect, impair, or
 16 invalidate the remainder of the law, but shall be confined in its effect to the provision or
 17 application directly involved in the controversy giving rise to the judgment.

18 SECTION 2. Chapter 34 of Title 44 of the General Laws entitled "Excise on
 19 Motor Vehicles and Trailers" is hereby repealed, except that the cities and towns shall
 20 retain all of the collection powers, under this title, for the collection of excise taxes on
 21 motor vehicles and trailers under the provisions of this chapter on excise taxes imposed
 22 prior to July 1, 1997.

23 ~~44-34.1. Motor vehicle and trailer excise tax. — There is hereby created an~~
 24 ~~excise tax on motor vehicles for the state of Rhode Island. The cities and towns are~~
 25 ~~hereby authorized to administer and collect the excise on registered motor vehicles and~~
 26 ~~trailers in lieu of property tax.~~

27 ~~44-34.2. Assessment — Valuation — Proration — Abatement and~~
 28 ~~cancellation — Exemptions from tax. (a) Except as hereinafter provided, the tax~~
 29 ~~assessor of each city and town shall assess and levy in each calendar year on every~~
 30 ~~vehicle and trailer registered under chapter 3 of title 31 for the privilege of the~~
 31 ~~registration, an excise measured by the value thereof, as hereinafter defined and~~
 32 ~~determined. For the purpose of this excise, the uniform value of each vehicle shall be~~
 33 ~~determined in accordance with the regulations of the vehicle valuation commission~~
 34 ~~Provided that any vehicle which is more than twenty-five (25) years old, whether or not~~
 35 ~~the vehicle is an antique motor car as defined in §-31-1-3(f), shall be deemed to possess~~
 36 ~~an average retail value of five hundred dollars (\$500.00). Provided further, that any~~
 37 ~~vehicle more than twenty-five (25) years old on June 16, 1987, whether or not the same~~
 38 ~~is an antique motor car as defined in section 31-1-3(f), shall be deemed to have an~~
 39 ~~average retail value of five hundred dollars (\$500.00) or its actual retail value whichever~~
 40 ~~is less. Provided further the minimum excise tax on any vehicle, if registered to the~~
 41 ~~same owner for a full year or portion thereof, shall be not less than five dollars (\$5.00)~~
 42 ~~unless the registration is transferred to one or more additional vehicles or trailers, in~~
 43 ~~which case the minimum or combined excise taxes shall be not less than five dollars~~
 44 ~~(\$5.00).~~

1 ~~(b) Vehicle and trailer excises shall be prorated over the calendar year prior to~~
 2 ~~the year in which the excises are levied and billed, that year hereinafter being referred to~~
 3 ~~as the calendar year of proration.~~

4 ~~(c) The excise levy on every vehicle and trailer registered under chapter 3 of title~~
 5 ~~31 shall be based on the ratio that the number of days the vehicle or trailer is registered~~
 6 ~~is to the number of days in the calendar year of proration.~~

7 ~~(d) If during the calendar year of proration, the owner of a vehicle or trailer~~
 8 ~~subject to the excise moves permanently with his or her vehicle to another state and~~
 9 ~~cancels his or her registration in this state and returns the registration plates, the vehicle~~
 10 ~~shall be exempt from excise for the ensuing year.~~

11 ~~(e) "Year of manufacture" as used in this section means the year used by the~~
 12 ~~manufacturer of the vehicle or trailer in connection with the designation by the~~
 13 ~~manufacturer of the model of the vehicle or trailer. Where the presumptive price of a~~
 14 ~~vehicle or trailer is not readily obtainable, or special equipment is installed on the~~
 15 ~~vehicle or trailer, the tax assessor shall prescribe the retail price to be used or the manner~~
 16 ~~in which the retail price shall be determined.~~

17 ~~(f) Nothing in this section shall be construed to prevent the city council of any~~
 18 ~~city or the town council of any town from granting an abatement, in whole or in part,~~
 19 ~~when there is an error in the assessment of a tax and the tax assessors have certified to~~
 20 ~~the fact in writing to the city or town council to cancel taxes setting forth the nature of~~
 21 ~~the error, the valuation of the vehicle or trailer, the amount of the tax assessed and the~~
 22 ~~name of the person to whom the vehicle or trailer was taxed.~~

23 ~~(g) The city or town council may cancel, in whole or in part, an excise tax~~
 24 ~~assessed to a person who has died leaving no estate, or a person who has moved from~~
 25 ~~the state and the tax collector or person acting in the capacity of tax collector certifies to~~
 26 ~~the city or town council the facts of the case.~~

27 ~~(h) The excise imposed by this section shall not apply to vehicles or trailers~~
 28 ~~owned by the state of Rhode Island or any political subdivision thereof, or to vehicles or~~
 29 ~~trailers owned by a corporation, association or other organization whose tangible~~
 30 ~~personal property is exempt under § 44-3-3(1) (15), or to vehicles assessed and taxed~~
 31 ~~under § 44-13-13, or those owned by the United States government. Farm vehicles~~
 32 ~~shall be exempt to the extent prescribed in § 44-5-42.~~

33 ~~**44-34.3. Assessment roll — Rate — Payment — Penalty upon non-payment.**~~

34 ~~—(a) The assessor, on the basis of a list of uniform values for motor vehicles prepared~~
 35 ~~by the Rhode Island vehicle value commission pursuant to § 44-34-8 shall make a list~~
 36 ~~containing the value of every vehicle and trailer in the town which is subject to the~~
 37 ~~provisions of § 44-34-02, the values to be at the average retail price as determined~~
 38 ~~under § 44-34-2 or at a uniform percentage thereof, not to exceed one hundred percent~~
 39 ~~(100%), to be determined by the assessors in each city or town; provided, however, that~~
 40 ~~every vehicle and trailer in the city of Pawtucket shall be assessed in accordance with §~~
 41 ~~§ 44-5-20.1 and 44-5-20.2.~~

42 ~~(b) The excise tax levy shall be applied to the excise assessment roll at the rate~~
 43 ~~established by the assessors for all other property except manufacturer's machinery and~~
 44 ~~equipment in accordance with § 44-5-22 and the resulting tax roll certified by the~~
 45 ~~assessors to the town clerk, town treasurer, or tax collector, as the case may be, not later~~
 46 ~~than June 15 next succeeding; provided, however, prior to the resulting tax roll being~~

1 ~~certified to the Pawtucket city clerk, the excise levy shall be applied to the excise~~
 2 ~~assessment roll in accordance with the property tax classification described in §§ 44-5-~~
 3 ~~20.3 and 44-5-20.5; provided, further, however, that in the city of Woonsocket, the~~
 4 ~~excise tax levy shall be applied to the excise assessment roll at a rate that will produce~~
 5 ~~no more than nineteen percent (19%) of the total tax levy as prescribed in § 44-5-11;~~
 6 ~~provided, further,, however, that in the town of Lincoln, the excise tax levy shall be~~
 7 ~~applied to the excise assessment roll at a rate that will produce an amount equal to no~~
 8 ~~more than seventeen percent (17%) of the total real estate tax levy.~~

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

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

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

27 ~~(f) This section does not apply to any and all entities which are exempt from the~~
 28 ~~excise as set forth in § 44-34-2.~~

29 **~~44-34.4. Vehicle and trailer tax situs—Apportionment for interstate fleets.~~**

30 ~~—(a) Tax situs of each vehicle or trailer shall be in the town or city of permanent abode~~
 31 ~~of the owner at the end of the calendar year or proration if an individual, or at the~~
 32 ~~principal place of business in this state if a partnership, corporation, joint stock~~
 33 ~~company, or association, except that if a vehicle or trailer is customarily kept in some~~
 34 ~~other town or city, then tax situs will be in that municipality.~~

35 ~~(b) Rented or leased vehicles shall have tax situs in the town or city where they~~
 36 ~~are customarily kept the renter or lessee if the rental or leasing contracts are long term.~~
 37 ~~For the purpose of this chapter, long term contracts shall be for six (6) months or more.~~
 38 ~~If vehicles are rented or leased for less than six (6) months or more. If vehicles are~~
 39 ~~rented or leased for less than six (6) months or on a transient basis, then tax situs for the~~
 40 ~~vehicles shall be the town or city where the leasing company or agency stores the~~
 41 ~~vehicles when they are not being rented or leased.~~

42 ~~(c) However, in the case of fleets of vehicles and trailers engaged in interstate~~
 43 ~~commerce the following rules of just apportionment shall apply: (1) If the fleet owner~~
 44 ~~has a terminal where a number of its vehicles is parked, then the average number of~~
 45 ~~vehicles so parked in proportion to its total fleet value shall determine the excise; (2) If~~
 46 ~~the fleet owner does not have vehicles parked in this state but has a pickup and drop-off~~

1 station, then the number of miles traveled by its fleet in this state in proportion to the
 2 total number of miles traveled by its fleet shall be the percentage of the total value of its
 3 fleet used to determine the excise.

4 (d) ~~Tax situs for a fleet shall be the town or city where the terminal or trailer is~~
 5 ~~located.~~

6 (e) ~~In the case of more than one pickup and drop-off station of fleet owner~~
 7 ~~located in the state, the communities in which the stations are situated shall share~~
 8 ~~equally the excise levied against the fleet owner.~~

9 (f) ~~The tax assessor may require an owner to disclose any or all information~~
 10 ~~necessary to determine tax situs and value of the vehicles and trailers that are subject to~~
 11 ~~excise.~~

12 (g) ~~If the owner fails to supply the requested information, then the tax assessor~~
 13 ~~shall assess the vehicles and trailers at what he or she deems to be their value, and the~~
 14 ~~owner, if overtaxed, shall have no remedy therefor.~~

15 ~~44-34-4.1. Exemptions for buses, trucks and trailers in interstate commerce.~~

16 ~~—Notwithstanding any provision of the general laws to the contrary, the operation of a~~
 17 ~~bus, truck, or trailer by a bus or trucking company in interstate commerce shall not be~~
 18 ~~subject to the provisions of the excise tax imposed by this chapter, on the condition that~~
 19 ~~the bus, truck and/or trailer be utilized exclusively in interstate commerce.~~

20 ~~44-34-5. Veteran's and other property tax exemptions.~~

21 (a) ~~Those veterans, gold star parents and blind persons who qualify for property tax~~
 22 ~~exemption under §§30-22-1, 30-22-4 and §§44-43-4, 44-3-5, and 44-3-12 shall have the~~
 23 ~~exemption applied to their real estate and tangible personal property other than~~
 24 ~~registered vehicles or trailers in the communities where they reside as set forth in those~~
 25 ~~sections. However, if there is not sufficient property to exhaust the exemption, the~~
 26 ~~balance of the exemption shall be applied to the excise tax on his or her motor vehicle or~~
 27 ~~trailer.~~

28 (b) ~~The amount of exemption shall not exceed the amount of excise levied on those~~
 29 ~~vehicle owned by the person.~~

30 ~~44-34-6. Fire districts.—The provisions of this chapter shall apply in all~~
 31 ~~respects in the case of taxes assessed upon motor vehicle by any fire district.~~

32 ~~44-34-8. Appeal procedure.—(a)(1) Any taxpayer aggrieved by a valuation~~
 33 ~~may appeal that valuation to the tax assessor within thirty (30) days of notice of~~
 34 ~~valuation. When the valuation of the vehicle has been made by the assessor, the~~
 35 ~~assessor shall render a decision within ten (10) days of the filing of the appeal. When~~
 36 ~~the valuation of the vehicle has been made by the Rhode Island vehicle valuation~~
 37 ~~commission the assessor shall forward the appeal on the form provided by the~~
 38 ~~commission to the Rhode Island vehicle valuation commission within ten (10) days.~~
 39 ~~The commission shall transmit its decision to the tax assessor within twenty (20) days of~~
 40 ~~the receipt of the appeal.~~

41 (2) ~~The tax assessor shall notify the aggrieved taxpayer by writing of the~~
 42 ~~commission within ten (10) days of the receipt of the commission decision.~~

43 (b) ~~Within thirty (30) days of the notification of the decision of the tax assessor~~
 44 ~~or the commission, an aggrieved taxpayer may appeal the decision to the district court~~
 45 ~~for the judicial division within which city or town is located.~~

1 (c) ~~A party aggrieved by a final order of the district court may seek thereof in~~
 2 ~~the state supreme court by writ of certiorari. The petition for a writ of certiorari shall set~~
 3 ~~for the errors claimed. Upon the filing of the petition with the clerk of the supreme~~
 4 ~~court, the supreme court may, if it sees fit, issue its writ of certiorari to the district court~~
 5 ~~to certify to the supreme court the record of the proceeding under review, or so much~~
 6 ~~thereof as was submitted to the district court by the parties, together with any additional~~
 7 ~~record of the proceedings in the district court.~~

8 ~~44-34-9. Valuation of motor vehicles.~~ For the purpose of the imposition of an
 9 excise tax upon motor vehicles, the tax assessor shall determine the value of each motor
 10 vehicle in accordance with the following procedures:

11 (1) ~~Each vehicle and trailer of the same make, type, model, and year of~~
 12 ~~manufacture in this state shall be deemed to have one uniform statewide value to be~~
 13 ~~utilized in each city and town, except in those instances where no uniform value is~~
 14 ~~established pursuant to the rules of the vehicle value commission § 44-34-11 or where a~~
 15 ~~value is established by the assessor pursuant to §44-34-2.~~

16 (2) ~~The uniform value of each type of vehicle and trailer shall be determined by~~
 17 ~~the Rhode Island vehicle value commission or in accordance with the rules of the~~
 18 ~~vehicle value commission.~~

19 (3) ~~The value of each vehicle or trailer or each type vehicle or trailer not~~
 20 ~~established by the Rhode Island vehicle value commission shall be determined by the~~
 21 ~~assessor of the city or town in which the vehicle or trailer is registered. In making the~~
 22 ~~determination, a uniform flat value for the vehicle in the municipality may be utilized by~~
 23 ~~the assessor.~~

24 ~~44-34-10 44-34-10.2. [Repealed].~~

25 ~~44-34-11. Rhode Island vehicle value commission.~~ (a) There is hereby
 26 created the "Rhode Island vehicle value commission" to establish presumptive values of
 27 vehicle and trailers subject to excise tax.

28 (b) ~~The commission shall consist of the following nine (9) members: one~~
 29 ~~designee of the director of transportation; five (5) local tax officials named by the~~
 30 ~~governor, at least one of whom shall be from a town under ten thousand (10,000)~~
 31 ~~population and at least one of whom shall be from a city over fifty thousand (50,000)~~
 32 ~~population, from a list of at least ten (10) nominees submitted by the president of the~~
 33 ~~Rhode Island league of cities and towns; one of whom shall be named by the speaker of~~
 34 ~~the house and one of whom shall be named by the senate majority leader; and one motor~~
 35 ~~vehicle dealer designated by the director of transportation; all departmental designees~~
 36 ~~shall serve at the pleasure of the designating agency, but, for a term of no less than one~~
 37 ~~year, and all other designees shall serve for a term of three (3) years.~~

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

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

44 (i) ~~The average retail price in Rhode Island of similar vehicles of the same make,~~
 45 ~~model, type, and year of manufacture as reported by motor vehicle dealers and by~~

1 ~~official used car guides, such as that of the national automobile dealers association for~~
 2 ~~New England.~~

3 ~~(ii) Retail sales prices determined for Rhode Island state sales tax purposes;~~

4 ~~(iii) Rhode Island retail sales prices as advertised in newspapers; and~~

5 ~~(iv) Such other information concerning the average retail price for make, model,~~
 6 ~~type and year of manufacture of motor vehicles as the director and the Rhode Island~~
 7 ~~vehicle value commission may deem appropriate to determine fair values.~~

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

13 ~~(3) Nothing herein shall be deemed to require the commission to determine the~~
 14 ~~presumptive value of vehicles and trailers which are unique, to which special equipment~~
 15 ~~has been added or to which special modifications have been made, or for which~~
 16 ~~adequate information is not available from the sources referenced in subdivision (1) of~~
 17 ~~this section, provided, however, the commission may consider those factors in its lists or~~
 18 ~~regulations.~~

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

21 ~~(d) The commission shall adopt rules governing its organization and the conduct~~
 22 ~~of its business; prior to the adoption of the rules, the designee of the department of~~
 23 ~~transportation shall serve as chairperson of the commission and shall have the power to~~
 24 ~~call meetings, and a simple majority of the members of the commission, as provided for~~
 25 ~~in subsection (b) of this section, shall be necessary for a quorum, which quorum shall~~
 26 ~~be majority vote have the power to conduct business in the name of the commission.~~

27 ~~(e) The commission shall have the power to contract for such professional~~
 28 ~~services as it deems necessary for the development of the methodology for determining~~
 29 ~~presumptive values, for calculating presumptive values according to the methodology,~~
 30 ~~and for preparing the list of presumptive values in a form and format that is generally~~
 31 ~~usable by cities and towns in their preparation of tax bills. The commission shall also~~
 32 ~~have the power to incur such expenses as are reasonable in the conduct of its business as~~
 33 ~~required by this chapter and to authorize payments for the same.~~

34 ~~(f) Compensation for members for attendance at meetings shall initially be at a~~
 35 ~~rate of fifty dollars (\$50.00) per meeting unless otherwise determined by the~~
 36 ~~unclassified pay board.~~

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

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

44 ~~44-34-12. Cooperation of state agencies. The department of administration~~
 45 ~~shall provide space and secretarial and clerical services to the Rhode Island vehicle~~
 46 ~~value commission without charge to the commission. The department of transportation,~~

1 and the department of administration shall provide, consistent with law, such
2 information as is in their possession, which the commission determines to be useful or
3 necessary in the conduct of its responsibilities

4 ~~44-34-13. Tax exemption on vehicles adapted for disabled.~~ The city or town
5 councils of the various cities and towns may, by ordinance, exempt from taxation up to
6 fifty percent (50%) of the value of any motor vehicle that has been specially adapted
7 with a wheelchair lift for use by an individual with a disability, that is owned and
8 registered by any person who has sustained a loss, or permanent loss of use of, both legs
9 or both arms. This exemption shall apply to not more than one motor vehicle owned and
10 registered for the personal, non-commercial use of such person. After the assessors have
11 allowed an exemption under this section, no further evidence of the existence of the
12 facts required by this section shall be required in any subsequent year in the city or town
13 in which the exemption has been so allowed.

14 SECTION 3. Section 44-5-3 of the General Laws in Chapter 44-5 entitled "Levy
15 and Assessment of local taxes" is hereby amended to read as follows:

16 **44-5-3. Ratable property of town.** - (a) The ratable property of the town shall
17 consist of the ratable real estate and the ratable tangible personal property (which shall
18 not, however, include manufacturer's manufacturing machinery and equipment of a
19 manufacturer) and the ratable tangible personal property of manufacturers consisting of
20 manufacturer's manufacturing machinery and equipment of a manufacturer. The tax rate
21 on all ratable tangible personal property in all cities and towns as of the assessment date,
22 December 31, 1996 shall not exceed twenty-five (\$25.00) dollars per thousand dollars of
23 assessed valuation. All prior-year taxes on ratable tangible personal property levied and
24 assessed prior to December 31, 1996, shall continue to be due and payable.

25 The maximum tax rate on all ratable tangible personal property in all cities and
26 towns shall be reduced annually by two dollars and fifty cents (\$2.50) per thousand
27 dollars of assessed valuation beginning on the date of assessment, December 31, 1997,
28 and ending on the date of assessment December 31, 2006 in accordance with the
29 following schedule:

<u>Date of Assessment</u>	<u>Maximum rate</u>
<u>December 31, 1997</u>	<u>\$22.50 per thousand dollars of assessed valuation</u>
<u>December 31, 1998</u>	<u>\$20.00 " " " " " " " "</u>
<u>December 31, 1999</u>	<u>\$17.50 " " " " " " " "</u>
<u>December 31, 2000</u>	<u>\$15.00 " " " " " " " "</u>
<u>December 31, 2001</u>	<u>\$12.50 " " " " " " " "</u>
<u>December 31, 2002</u>	<u>\$10.00 " " " " " " " "</u>
<u>December 31, 2003</u>	<u>\$ 7.50 " " " " " " " "</u>
<u>December 31, 2004</u>	<u>\$ 5.00 " " " " " " " "</u>
<u>December 31, 2005</u>	<u>\$ 2.50 " " " " " " " "</u>
<u>December 31, 2006</u>	<u>- 0 -</u>

31
32 As of December 31, 2006, the ratable tangible personal property tax is abolished.
33 Taxes on ratable tangible personal property are due and payable at the rate levied.

1 (b)(1) For the purposes of this section and § § 44-5-20, 44-5-22, 44-5-38, and §
 2 9 of chapter 245, public laws of Rhode Island, 1966, the term "manufacturing" shall be
 3 deemed to include the handling and storage of manufacturer's inventories as defined in
 4 § 44-3-3(20)(b), and the term "manufacturer's machinery and equipment" shall be
 5 defined:

6 (i) As that machinery and equipment which is used exclusively in the actual
 7 manufacture or conversion of materials or goods in the process of manufacture by a
 8 manufacturer as set forth in § 44-3-3(20) and machinery, fixtures, and equipment used
 9 exclusively by a manufacturer for research and development or for quality assurance of
 10 its manufactured products; and

11 (ii) As that machinery and equipment which is partially used in the actual
 12 manufacture or conversion of raw materials or goods in the process of manufacture by a
 13 manufacturer as set forth in § 44-3-3(20) and machinery, fixtures, and equipment used
 14 by a manufacturer for research and development or for quality assurance of its
 15 manufactured products, to the extent to which the machinery and equipment is used for
 16 the manufacturing processes, research, and development or quality assurance. In such
 17 instances where machinery and equipment is used in both manufacturing activities, the
 18 assessment on machinery and equipment shall be prorated by applying the percentage of
 19 usage of the equipment for manufacturing, research, and development and quality
 20 assurance activity to the value of the machinery and equipment for purposes of taxation,
 21 and the portion of the value used for manufacturing, research, and development and
 22 quality assurance shall be exempt from taxation. The burden of demonstrating this
 23 percentage usage of machinery and equipment for manufacturing and for research and
 24 development and/or quality assurance of its manufactured products shall rest with the
 25 manufacturer.

26 (2) This definition of "manufacturing" or "manufacturer's machinery and
 27 equipment" does not include (i) motor vehicles required by law to be registered with the
 28 registry of motor vehicles, (ii) store fixtures and other equipment situated in or upon a
 29 retail store or other similar selling place operated by a manufacturer, whether or not the
 30 retail establishment store or other similar selling place is located in the same building in
 31 which the manufacturer operates his or her manufacturing plant, and (iii) fixtures or
 32 other equipment situated in or upon premises used to conduct a business which is
 33 unrelated to the manufacturer of finished products for trade and their sale by the
 34 manufacturer thereof, whether or not the premises wherein the unrelated business is
 35 conducted is in the same building in which the manufacturer has his or her
 36 manufacturing plant. The levy on tangible personal property of manufacturers
 37 consisting of manufacturer's manufacturing machinery and equipment of a manufacturer
 38 shall be at the rate provided in § 44-5-38.

39 SECTION 4. Section 44-5-2 of the General Laws in Title 44, Chapter 5 entitled
 40 "Maximum Levy" is hereby amended to read as follows:

41 **44-5-2. Maximum levy.** - (a) A city and town may levy a tax in an amount not
 42 more than ~~five and one-half percent (5.5%)~~ two and one-half percent (2.5%) in excess of
 43 the amount levied and certified by that city or town for the prior year. The amount
 44 levied by a city or town shall be deemed to be consistent with the ~~five and one-half~~
 45 ~~percent (5.5%)~~ two and one-half percent (2.5%) levy growth cap if the tax rate is not
 46 more than ~~one hundred and five and one-half percent (105.5%)~~ one hundred two and

1 ~~one-half percent (102.5%)~~ of the prior year's tax rate and the budget resolution or
 2 ordinance, as applicable, specifies that the tax rate is not increasing by more than ~~five~~
 3 ~~and one-half percent (5.5%)~~ two and one-half percent (2.5%) except as specified in
 4 subsection (c). In all years when a revaluation is not being implemented, a tax rate shall
 5 be deemed to be ~~one hundred five and one-half percent (105.5%)~~ one hundred two and
 6 one-half percent (102.5%) or less of the prior year's tax rate if the tax on a parcel of real
 7 property, the value of which is unchanged for purpose of taxation, is no more than ~~one~~
 8 ~~hundred five and one-half percent (105.5%)~~ one hundred two and one-half percent
 9 (102.5%) of the prior year's tax on the same parcel of real property. In any year when a
 10 revaluation is being implemented, the tax rate shall be deemed to be ~~one hundred five~~
 11 ~~and one-half percent (105.5%)~~ one hundred two and one-half percent (102.5%) of the
 12 prior year's tax rate as certified by the division of local government assistance in the
 13 department of administration.

14 (b) The office of municipal affairs in the department of administration, shall
 15 monitor city and town compliance with this levy cap, issue periodic reports to the
 16 general assembly on compliance, and make recommendations on the continuation or
 17 modification of the levy cap on or before December 31, ~~1987, 1999~~ December 31, ~~1990~~
 18 2002 and December 31, every third year thereafter. The chief elected official in each
 19 city and town shall provide to the office of municipal affairs within thirty (30) days of
 20 final action, in such form as required, the adopted tax levy and rate and other pertinent
 21 information.

22 (c) The amount levied by a city or town may exceed the ~~five and one-half~~
 23 ~~percent (5.5%)~~ two and one-half percent (2.5%) increase as specified in subsection (a) if
 24 the city or town qualifies under one or more of the following provisions:

25 (1) The city or town forecasts or experiences a loss in total non-property tax
 26 revenues and the loss is certified by the department of administration.

27 (2) The city or town experiences or anticipates an emergency situation which
 28 causes or will cause the levy to exceed ~~five and one-half percent (5.5%)~~ two and one-
 29 half percent (2.5%). In the event of an emergency or an anticipated emergency, the city
 30 or town shall notify the auditor general who shall certify the existence or anticipated
 31 existence of the emergency.

32 (3) A city or town forecasts or experiences debt services expenditures which are
 33 more than ~~one hundred five and one-half percent (105.5%)~~ one hundred two and one-
 34 half percent (102.5%) of the prior year's debt service expenditures and which are the
 35 result of bonded debt issued in a manner consistent with general law or special act. In
 36 the event of the debt service increase, the city or town shall notify the department of
 37 administration which shall certify the debt service increase above ~~one hundred five and~~
 38 ~~one-half percent (105.5%)~~ one hundred two and one-half percent (102.5%) of the prior
 39 year's debt service. No action approving or disapproving exceeding a levy cap under the
 40 provisions of this section shall affect the requirement to pay obligations as described in
 41 subsection (d).

42 (4) Any levy pursuant to subsection (c) of this section in excess of the ~~five and~~
 43 ~~one-half percent (5.5%)~~ two and one-half percent (2.5%) shall be approved by a
 44 majority vote of the governing body of the city or town or in the case of a city or town
 45 having a financial town meeting, the majority of the electors present and voting at the
 46 town financial meeting shall approve the excess levy.

1 (d) Nothing contained herein shall constrain the payment of present or future
 2 obligations as prescribed by § 45-12-1, and all taxable property in each city or town
 3 shall be subject to taxation without limitation as to rate or amount to pay general
 4 obligation bonds or notes of the city or town except as otherwise specifically provided
 5 by law or charter.

6 SECTION 5. Chapter 5 of Title 44 of the General Laws entitled "Levy and
 7 Assessment of Local Taxes" is hereby amended by adding the following section:

8 44-5-2.1(a) Notwithstanding the provisions of Section 44-5-2, effective with the
 9 fiscal year commencing after December 31, 1997, a city or town council may vote to
 10 levy a tax in an amount greater than the amounts provided for in Section 44-5-2 by a
 11 three-fifths vote of its membership; provided, however, that in towns where a financial
 12 town meeting is held a majority of the electors of the town present and voting may vote
 13 to levy a tax in an amount greater than the amounts provided for in Section 44-5-2.

14 SECTION 6. Chapter 13 of Title 4 of the General Laws entitled "Public Service
 15 Corporation Tax" is hereby amended by adding the following section:

16 44-13-13.3. Notwithstanding the provisions of Section 44-13-13, the tax rate on
 17 all tangible personal property as provided for in Section 44-13-13 as of the date of
 18 assessment, December 31, 1996, shall not exceed twenty-five dollars (\$25.00) per
 19 thousand dollars of assessed valuation. The maximum tax rate on all tangible personal
 20 property as provided for in Section 44-13-13 shall be reduced annually by two dollars
 21 and fifty cents (\$2.50) per thousand dollars of assessed valuation beginning on the date
 22 of assessment, December 31, 1997 and ending on the date of assessment, December 31,
 23 2006 in accordance with the following schedule:

<u><i>Date of Assessment</i></u>	<u><i>Maximum rate</i></u>
<u>December 31, 1997</u>	<u>\$22.50 per thousand dollars of assessed valuation</u>
<u>December 31, 1998</u>	<u>\$20.00 " " " " " " " "</u>
<u>December 31, 1999</u>	<u>\$17.50 " " " " " " " "</u>
<u>December 31, 2000</u>	<u>\$15.00 " " " " " " " "</u>
<u>December 31, 2001</u>	<u>\$12.50 " " " " " " " "</u>
<u>December 31, 2002</u>	<u>\$10.00 " " " " " " " "</u>
<u>December 31, 2003</u>	<u>\$ 7.50 " " " " " " " "</u>
<u>December 31, 2004</u>	<u>\$ 5.00 " " " " " " " "</u>
<u>December 31, 2005</u>	<u>\$ 2.50 " " " " " " " "</u>
<u>December 31, 2006</u>	<u>- 0 -</u>

25
 26 As of December 31, 2006, the tangible personal property tax as provided for in
 27 Section 44-13-13 is abolished.

28 SECTION 7. Inconsistent Acts - All acts and parts of acts inconsistent
 29 herewith are hereby repealed.

30 SECTION 8. Effective Date - This act shall take effect on and after July 1,
 31 1997.