



Rhode Island Department of Revenue

TO: Finance Directors and Tax Assessors of Rhode Island Cities & Towns and Fire Districts

FROM: Jill Barrette, State Aid and Finance Specialist
Division of Municipal Finance

SUBJECT: Summary of Motor Vehicle Taxation and Reimbursement Changes per 2017 House Bill H-5175 Sub A as Amended. Updated on 4/23/19 to include FY 2018 Baseline Levies

Below is a summary of the major changes to the Rhode Island General Law pertaining to the Motor Vehicle Excise Tax and Reimbursement per House Bill 5175 Article 11 as Amended which was enacted as part of the state's FY 2018 budget on August 3, 2017. Article 11 as Amended in its entirety is attached for your reference. In addition, the municipal and fire district FY 2018 Baseline Levies have also been included (on page 3) for your reference.

- Any vehicle which is *more than* fifteen years old shall be deemed to possess an average retail value of five hundred dollars (\$500) per R.I. Gen. Laws § 44-34-2(a). For the 12/31/18 assessment date, this equates to model year 2004 and older per the RI Vehicle Value Commission's annual methodology.
- Per R.I. Gen. Laws § [44-34-11](#), § [44-34.1-1\(c\)\(1\)\(i\)](#) and § 44-34.1-1(c)(5), starting in local FY 2018, the following chart applies to the taxation of motor vehicles by all cities, towns, and Lincoln's fire districts:

Local Fiscal Year	Percentage of NADA Value Allowed	Minimum Total MV Exemption Amount*	Maximum MV Tax Rate**
2018	95%	\$1,000	\$60.00
2019	90%	2,000	50.00
2020	85%	3,000	35.00
2021	80%	4,000	35.00
2022	75%	5,000	30.00
2023	70%	6,000	20.00

* Please note, the minimum total motor vehicle exemption amount shall be the greater of: the minimum annual exemption mandated by RIGL 44-34.1(c)(1)(ii-vii) (shown above) and the *total motor vehicle exemption* each city, town or fire district offered in FY 2017. (*Total motor vehicle exemption* for FY 2017 = *the total of* the \$500 statewide minimum exemption plus any additional local excess motor vehicle exemption, if applicable.)

** The maximum motor vehicle tax rate a city, town or fire district may charge is the lesser of the annual maximum motor vehicle tax rate per RIGL 44-34.1-1(viii)(5) (shown above) and the motor vehicle tax rate a city, town, or fire district utilized in FY 2017.

- **Hold Harmless Provision** - In no event shall a taxpayer ***be billed*** more than the prior year for a vehicle owned up to the same number of days unless an increased bill is the result of no longer being eligible for a local tax exemption per R.I. Gen. Laws § [44-34.1-1\(c\)\(6\)](#). [Please note, this is a change from the prior hold harmless provision which was stated, “in no event shall the final taxable value of a vehicle be higher than assessed in the prior fiscal year”.]
- The **Maximum Taxable Value** used in the calculation of tax bills for local FY 2018 and subsequent years shall be calculated utilizing the greater of the new annual minimum exemption amounts listed above and the total motor vehicle exemption offered by your community in local FY 2017 per R.I. Gen. Laws § [44-34.1-1\(d\)\(1\)](#).
- Any fire districts that taxed motor vehicles in their local FY 2017 will once again be reimbursed under the state’s motor vehicle phase-out program starting in FY 2018 per R.I. Gen. Laws § [44-34.1-2\(c\)\(13\)](#).
- Each city, town and fire district must employ the same motor vehicle tax calculation methodology that it used in their local FY 2017. This means that variables such as application of a depreciation schedule (a.k.a. an “aging methodology”), order of tax calculations, etc. must be identical to the methodology used in FY 2017. The possible exceptions to this being the motor vehicle tax rate and total motor vehicle exemption must comply with the chart provided above per R.I. Gen. Laws § [44-34.1-2\(b\)\(3\)](#).
- Starting in local FY 2018, cities and towns will receive a base motor vehicle reimbursement amount equal to the total motor vehicle reimbursement a city or town received in FY 2017 per R.I. Gen. Laws § [44-34.1-2\(c\)\(13\)](#). Since fire districts did not receive motor vehicle reimbursement in FY 2017, they are not subject to the base reimbursement.
- Per R.I. Gen. Laws § [44-34.1-2\(b\)\(5\)](#), starting in local FY 2018, cities, towns and fire districts will receive an additional reimbursement that is equal to the difference between the tax levy calculated using the new methodology described in Article 11 of the FY 2018 enacted budget and the motor vehicle levy as calculated using a city, town or fire district’s FY 2017 methodology.

R.I. Gen. Laws § **44-5-2 Maximum Levy** (excerpt from Article 11 as amended)

“For the purposes of this levy calculation, taxes levied pursuant to chapters 34 and 34.1 of this title shall not be included. For FY 2018, in the event that a city or town, solely as a result of the exclusion of the motor vehicle tax in the new levy calculation, exceeds the property tax cap when compared to FY 2017 after taking into account that there was a motor vehicle tax in FY 2017, said city or town shall be permitted to exceed the property tax cap for the FY 2018 transition year, but in no event shall it exceed the four percent (4%) levy cap growth with the car tax portion included; provided, however, nothing herein shall prohibit a city or town from exceeding the property tax cap if otherwise permitted pursuant to...” R.I. Gen. Laws § [44-5-2\(d\)](#).

Continued on next page.

Baseline Levies for Motor Vehicle Excise Tax Phase-Out Reimbursement Calculation

R.I. Gen. Laws § [44-34.1-2\(b\)\(5\)](#) states (bold emphasis added), “For purposes of reimbursement for the items noted in subsections (c)(13)(i) through (c)(13)(iv) of this section, the FY 2018 baseline from which the reimbursement amount shall be calculated is defined as the motor vehicle and trailer excise tax levy that would be generated by applying the fiscal year 2017 motor vehicle and trailer excise tax calculation methodology to the assessed value of motor vehicles and trailers as of fiscal year 2018. **The amount of reimbursement that each city, town, or fire district receives shall be the difference between the FY 2018 baseline and the certified motor vehicle and trailer excise tax levy as submitted by each city, town, and fire district as confirmed by the department of revenue.** The department of revenue shall determine the reimbursement amount for each city, town, and fire district.”

Municipality	FY 2018 Baseline Levy
Barrington	\$5,673,241
Bristol	2,796,382
Burrillville	4,846,868
Central Falls	1,975,790
Charlestown	976,062
Coventry	5,621,151
Cranston	21,269,806
Cumberland	5,819,819
East Greenwich	2,333,221
East Providence	10,916,564
Exeter	2,147,962
Foster	1,578,077
Glocester	2,277,231
Hopkinton	1,556,875
Jamestown	600,459
Johnston	9,945,432
Lincoln	5,476,818
Little Compton	353,311
Middletown	1,900,301
Narragansett	1,645,641
New Shoreham	156,388
Newport	2,143,029
North Kingstown	5,186,229
North Providence	9,225,507
North Smithfield	4,215,266
Pawtucket	15,674,222
Portsmouth	2,319,596
Providence	32,511,132
Richmond	1,381,745
Scituate	1,905,858
Smithfield	6,831,002
South Kingstown	3,788,010
Tiverton	1,647,896
Warren	1,996,562
Warwick	24,232,542
West Greenwich	1,275,729
West Warwick	5,435,315
Westerly	5,545,514
Woonsocket	8,946,910

Fire District	FY 2018 Baseline Levy
Albion Fire District	\$48,135
Lime Rock Fire District	133,933
Manville Fire District	64,862
Quinville Fire District	13,483
Saylesville Fire District	160,859