



# Rhode Island Department of Revenue

## Memorandum

**DATE:** August 25, 2017

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

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

Joseph Codega, Senior Revenue Policy Analyst *JMCA*  
Office of Revenue Analysis

**SUBJECT:** Motor Vehicle and Trailer Excise Tax Reimbursement Files

### ***Introduction and Summary***

The purpose of this memorandum is to provide guidance regarding the technical specifications and submission requirements for data to be submitted by cities, towns, and fire districts to the Department of Revenue (DOR) in order to comply with recent legislation phasing out the motor vehicle and trailer excise tax.

Article 11 of 2017 H-5175 Substitute A as Amended (Article 11) which was enacted into law on August 3, 2017 has defined several new responsibilities for DOR regarding the administration of the motor vehicle and trailer excise tax:

- DOR must confirm that each city, town, and fire district used the same motor vehicle and trailer excise tax calculation methodology in Fiscal Year (FY) 2018, and all future fiscal years, as was used in FY 2017.
- DOR must calculate the reimbursement aid due to cities, towns, and fire districts from the phase out of the motor vehicle and trailer excise tax by following a procedure defined in law.

Performance of these mandates requires DOR to request specific data files from cities, towns, and fire districts. The specific data files needed require modifications to the motor vehicle data reporting procedures followed in previous years.

### ***Due Dates and Submission Guidelines***

Rhode Island General Law (RIGL) § 44-34.1-2(c)(2) requires each "city, town, or fire district to submit final certified and reconciled motor vehicle levy information by August 30". To satisfy this requirement, DOR requests the following three files from each city, town, and fire district:

- **FILE 1:** FY 2017 reimbursement file containing vehicle registration-level data corresponding to FY 2017 tax levy.
- **FILE 2:** FY 2018 baseline file containing vehicle registration-level data calculated according the policies that would have been in place if Article 11 had not been enacted.
- **FILE 3:** FY 2018 reimbursement file containing vehicle registration-level data calculated according to Article 11, including the hold harmless provision, exemption floor, tax rate cap, state assessment ratio, and assignment of \$500 presumptive value to vehicles more than 15 years old.

Detailed requirements and technical specifications for the three required files are described in the Appendix to this memo.

DOR requests that all towns and cities submit these files electronically via email to Jill Barrette, State Aid and Finance Specialist, Division of Municipal Finance, Department of Revenue at [Jill.Barrette@DOR.ri.gov](mailto:Jill.Barrette@DOR.ri.gov). Please include your city, town, or fire district name in the subject line of the email. DOR will reply with an email acknowledging receipt of each local government's data submission.

An acknowledgement from DOR that files have been received is not sufficient to confirm that a local government is in full compliance with Article 11 and/or is entitled to reimbursement aid. DOR will review data submissions and make a final calculation of reimbursement aid due to each city, town, and fire district. If discrepancies are found in the data submissions, it is possible that follow-up will be necessary.

Please note that RIGL § 44-34.1-2(b)(4) as amended by Article 11 states that DOR shall withhold reimbursement aid for cities, towns, and fire districts that have failed to cooperate or comply with the requirements of the motor vehicle and trailer excise tax phaseout.

CC: Rhode Island League of Cities and Towns  
Sunstone Data, LLC  
Vision Government Solutions, Incorporated

Attachments: "APPENDIX: Motor Vehicle and Trailer Excise Tax Reimbursement Files Pursuant to Rhode Island General Law § 44-34.1-2(c)(2)"

**Appendix: Motor Vehicle and Trailer Excise Tax Reimbursement Files**  
**Pursuant to Rhode Island General Law § 44-34.1-2(c)(2)**

***Introduction***

In prior years, cities and towns have submitted a “reimbursement file” containing vehicle registration-level information for all vehicle registrations in the city or town. This file was used in the calculation of reimbursement for the \$500 state-mandated exemption, which was funded at \$10 million in recent years. Because Article 11 established a base motor vehicle excise tax reimbursement aid of \$10 million, equal to the FY 2017 distribution of motor vehicle excise tax reimbursement aid to the cities and towns, this calculation will no longer take place.

As a result of Article 11, cities, towns, and fire districts are entitled to additional state aid to reimburse for the forgone revenue from the exemption floors, tax rate caps, presumptive value changes, and assessment ratios imposed by Article 11. This new aid calculation will require modifications to the structure of the motor vehicle and trailer excise tax reimbursement file submitted by each city, town, or fire district.

***Proposed Format of Reimbursement File Request:***

Data should be submitted in a \*.CSV (comma-separated values file) or \*.DBF (dBase database file) file format.

There should be one record for each motor vehicle registration in the city, town, or fire district, regardless of whether the vehicle registration generates a tax bill. For example, an older vehicle that is assigned a presumptive value of \$500 will generate no tax, but it should still be included in the submitted motor vehicle and trailer excise tax reimbursement file.

In FY 2018 only, each city, town, and fire district must submit three separate files:

***FILE 1: FY 2017 Reimbursement File***

(most commonly corresponds to Tax Roll Year 2016 and Assessment Date 12/31/15)

- Necessary for confirming that city, town, or fire district followed the same tax calculation methodology in FY 2018 as they did in FY 2017
- Necessary to confirm previous year tax amount for confirming compliance with Article 11 hold harmless provision

***FILE 2: FY 2018 “Baseline” File***

(most commonly corresponds to Tax Roll Year 2017 and Assessment Date 12/31/16)

- Necessary for calculating each city, town, or fire district’s “baseline” levy – the amount of tax that would have been levied in FY 2018 if Article 11 had not become law

**FILE 3: FY 2018 Reimbursement File**

(most commonly corresponds to Tax Roll Year 2017 and Assessment Date 12/31/16)

- Necessary for confirming that a city, town, or fire district followed the same tax calculation methodology in FY 2018 as they did in FY 2017
- Necessary for confirming compliance with all changes imposed by Article 11: exemption floors, tax rate caps, assignment of \$500 presumptive value to vehicles older than fifteen years, state assessment ratio, the hold harmless provision, etc.

Please clearly name the files in such a way as to identify the town name, the year, and the file. For example, "01FY17REIMFILE.csv" "01FY18BASELINE.csv" and "01FY18REIMFILE.csv" would be an appropriate naming convention for the three file submissions from Providence, which happens to be TAXTOWN="01".

**Motor Vehicle and Trailer Excise Tax Reimbursement File Layout**

Variable Name	Variable Type	Length	Description
TAXTOWN*	Character	2	Town number (e.g. "01", "12", "33")
ACCOUNT*	Character	20	Tax system account number
NAME*	Character	40	Vehicle owner name
PLATENO	Character	6	License plate number
PLTYPE*	Character	2	Plate type (e.g. "01", "02", "18")
VIN	Character	20	Vehicle Identification Number
MAKE	Character	5	Vehicle make
MODEL	Character	3	Vehicle model
YEAR	Numeric	4.0	Model year
DAYSOWNED*	Numeric	3.0	Number of days registered
VALUE*	Numeric	8.0	Full value at 100% Vehicle Value Commission (VVC), locally assessed, or presumptive value as appropriate
<b>REDUCVAL*</b>	<b>Numeric</b>	<b>8.0</b>	<b>VALUE reduced by state assessment ratio</b>
PROVALUE*	Numeric	8.0	REDUCVAL prorated for according to DAYSOWNED / 365 [or 366 if leap year]
EXEMVALUE*	Numeric	8.0	Personal exemption amount (e.g. veterans, elderly)
<b>TAXAMT*</b>	<b>Numeric</b>	<b>10.2</b>	<b>Tax amount generated by vehicle.</b>

Note: **Bold** indicates newly added variables. Variables indicated with an asterisk (\*) have additional notes in the next section.

This file format is intended to be similar to that which was requested in previous years with the addition of two new variables – REDUCVAL and TAXAMT – and the elimination of one variable -- NETVALUE. Note that the addition of REDUCVAL also changes the calculation methodology for PROVALUE.

**Motor Vehicle and Trailer Excise Tax Reimbursement File Additional Variable Notes****TAXTOWN**

Tax town refers to the two-digit code used to identify the city, town, or fire district according to the following key:

Town Name	TOWNCODE
Providence	"01"
Pawtucket	"02"
Woonsocket	"03"
Cranston	"04"
Newport	"05"
Warwick	"06"
East Providence	"07"
Central Falls	"08"
West Warwick	"09"
Westerly	"10"
Barrington	"11"
Bristol	"12"
Burrillville	"13"
Charlestown	"14"
Coventry	"15"
Cumberland	"16"
East Greenwich	"17"
Exeter	"18"
Foster	"19"
Glocester	"20"
Hopkinton	"21"
Jamestown	"22"

Town Name	TOWNCODE
Johnston	"23"
Lincoln	"24"
Little Compton	"25"
Middletown	"26"
Narragansett	"27"
New Shoreham	"28"
North Kingstown	"29"
North Providence	"30"
North Smithfield	"31"
Portsmouth	"32"
Richmond	"33"
Scituate	"34"
Smithfield	"35"
South Kingstown	"36"
Tiverton	"37"
Warren	"38"
West Greenwich	"39"
Albion Fire District	"AB"
Lime Rock Fire District	"LR"
Manville Fire District	"MV"
Quinville Fire District	"QV"
Saylesville Fire District	"SV"

**ACCOUNT**

This variable is necessary to confirm compliance with hold harmless provision ensuring that no vehicle that is owned by the same individual in two consecutive years receives a tax bill larger than the previous year for any reason other than a change in personal exemption amount or eligibility or an increase in the number of days owned. Additionally, this variable is necessary for cities, towns, and fire districts with rules related to small bill forgiveness or minimum bill issuance that are applied at the account level.

**NAME**

Preferred format is "Last, First Middle".

**PLTYPE**

Format single digit plate types with a leading zero (e.g. 1 = "01", 2 = "02", 18 = "18") and format numeric values as character/string.

**DAYSOWNED**

This variable represents the number of days a vehicle was registered in a particular city, town, or fire district. The maximum number of days registered is equal to either 365 (Tax Roll Year 2015) or 366 (Tax

Roll Year 2017). DOR has observed that some cities and towns have previously submitted files in which the maximum value of DAYSOWNED is equal to 365 when there were in fact 366 days in that particular tax roll year due to it being a leap year. If this is the case, please provide DOR with an additional written explanation as to how and why this assumption is made.

### VALUE

This variable is equal to the full VVC, locally assessed, or presumptive value of the vehicle at 100%.

In both the FY 2017 reimbursement file (File 1) and the FY 2018 baseline file (File 2) this variable should reflect the assignment of a \$500 presumptive value of vehicles older than 25 years.

In the FY 2018 reimbursement file (File 3), this variable should reflect the assignment of a \$500 presumptive value of vehicles older than 15 years as required by Article 11. For assessment date 12/31/16, which most commonly corresponds to Tax Roll Year 2017 and FY 2018, this rule means that vehicles of model year 2002 and earlier should be assigned a presumptive value of \$500.

### REDUCVAL

This variable should be equal to VALUE times the appropriate statewide assessment ratio which is equal to 100% prior to the passage of Article 11 and some lower amount following its passage. The statewide assessment ratios to be used in the three requested file submissions are as follows:

<b>File #</b>	<b>File Name</b>	<b>Assessment Ratio</b>	<b>Notes</b>
File 1	FY 2017 Reimbursement File	100%	Article 11 not yet in effect
File 2	FY 2018 Baseline File	100%	Assumes Article 11 has not been applied
File 3	FY 2018 Reimbursement File	95%	Article 11 is applied

For those cities and towns that apply a local assessment ratio (DOR believes this number to be three or four), REDUCVAL should NOT reflect the local assessment ratio. DOR understands that local assessment ratios are applied at a later step in the tax calculation methodology so it is not appropriate to apply the local assessment ratio at this point.

For the FY 2017 reimbursement file (File 1) and the FY 2018 baseline file (File 2), it is acceptable to omit the REDUCVAL variable from these two files. If included in either the FY 2017 reimbursement file and/or the FY 2018 baseline file, VALUE and REDUCVAL will be equal.

The REDUCVAL must be included in the FY 2018 reimbursement file (File 3). In the FY 2018 reimbursement file, REDUCVAL should be equal to VALUE multiplied by 95%. For example, a vehicle with a VALUE of \$10,000 would be assigned a REDUCVAL of \$9,500. A 16 year old vehicle that has been assigned a VALUE of \$500 would be assigned a REDUCVAL of \$475.

### PROVALUE

DOR has observed that some cities and towns adjust PROVALUE according to some other factor in addition to prorating by DAYSOWNED. It appears that these cities and towns adjust PROVALUE to reflect the application of an aging or depreciation methodology. This practice is not in accordance with DOR's intended definition of the PROVALUE variable. If technical difficulties prevent a city, town, or fire district from providing this variable as DOR has requested, the city, town, or fire district should provide written explanation as to how and why PROVALUE is adjusted for some reason other than prorating according to DAYSOWNED.

**EXEMVALUE**

This figure reflects any personal exemption amount that has been applied to a particular vehicle. This refers to the type of exemption that is applied to a specific class of taxpayers such as veterans or elderly. EXEMVALUE does NOT refer to the local exemption amount, which is the amount per vehicle that is granted to all taxpayers by right consisting of the state-mandated amount plus some additional or excess amount as may be offered by the city, town, or fire district.

Other exemption-like adjustments to taxable vehicle value should also be reported using the EXEMVALUE variable. For example, cities, towns, and fire districts offering personal exemptions in the form of a credit to be taken against the final tax amount should convert the exemption to an effective exemption amount. A credit of \$50 dollars in a city with a tax rate of \$40 per thousand would be equivalent to a \$1,250 personal exemption (i.e.,  $\$50 / (\$40/\$1,000) = \$1,250$ ). Other adjustments such as tax freezes or fully exempt vehicles should likewise be converted to an effective exemption amount and included as part of the EXEMVALUE amount.

**TAXAMT**

While it is common practice for vehicle and exemption value amounts to be rounded to the nearest dollar during tax calculations, the final bill is expressed in dollars and cents. TAXAMT should include dollars and cents if it is the case that tax bills are issued in dollars and cents. If tax bills are rounded to the nearest dollar, then TAXAMT should likewise be rounded to the nearest dollar.

DOR assumes that TAXAMT does not reflect local small bill forgiveness and minimum billing practices. If TAXAMT has already been adjusted to reflect local small bill forgiveness and minimum billing practices, please provide written explanation as to how this adjustment is made.