



State Fiscal Note for Bill Number: 2015-H-5569

Date of State Budget Office Approval:

Date Requested: Thursday, March 05, 2015

Date Due: Sunday, March 15, 2015

Impact on Expenditures

FY 2015 N/A
FY 2016 \$0
FY 2017 \$0

Impact on Revenues

FY 2015 N/A
FY 2016 \$0
FY 2017 \$0

**Explanation by State
Budget Office:**

This bill would amend RIGL sections 44-34-3 and 44-34-11 in Chapter 44-34 entitled "Excise on Motor Vehicles and Trailers" and propose a new calculation for the amount of the motor vehicle excise tax due on any particular vehicle or trailer in any registration year.

**Comments on
Sources of Funds:**

There is no anticipated change in the appropriation for the Motor Vehicle Tax Exemption state aid program, which is funded entirely with general revenues.

**Summary of Facts
and Assumptions:**

This bill would take effect upon passage, which assumes July 1, 2015.

According to the Division of Municipal Finance, this bill would not create any additional costs for the Vehicle Value Commission by changing the requirement that the manufacturer's suggested retail price (MSP) be used to value vehicles instead of the National Automobile Dealers Association average retail value. The Vehicle Value Commission produces a list of uniform values for motor vehicles.

There is no anticipated fiscal impact to the Motor Vehicle Tax Exemption state aid program as it is assumed the program will be level-funded at \$10.0 million in the Governor's recommended 5-year forecast (FY 2016 to FY 2020). This program has been funded at \$10.0 million per year for the past several fiscal years. However, passage of this bill would have an effect on the distribution of the \$10.0 million to municipalities. According to the Division of Municipal Finance, there would be a positive fiscal impact for those municipalities which have lower tax rates and a negative impact for those with higher tax rates. This is because of the proposed fixed rate of \$25.00 per \$1,000 value. Also, older value cars would tend to have a negative impact on the distribution to municipalities.

**Summary of Fiscal
Impact:**

FY 2015: Not applicable. This bill would take effect upon passage, which assumes July 1, 2015.

FY 2016 and FY 2017: None, assuming the appropriation for the Motor Vehicle Tax Exemption state aid program remains level-funded at \$10.0 million (FY 2015 Enacted Budget). If the appropriation for this program is not increased, then this bill would increase the distribution for those municipalities with lower vehicle tax rates and decrease the distribution for those with higher rates.

Budget Office Signature:

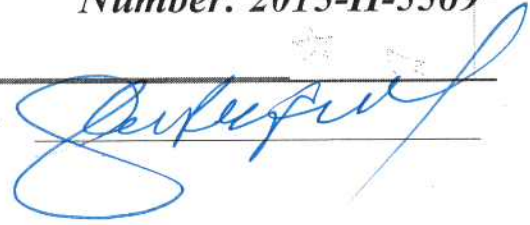
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Monday, April 13, 2015

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