STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Commissions and Agencies
RHODE ISLAND VEHICLE VALUE COMMISSION
One Capitol Hill
Providence, R.I. 02908-5873

Motor Vehicle Tax
Frequently Asked Questions

1. Who values motor vehicles in the State of Rhode Island?

The presumptive values of most motor vehicles are determined by the Rhode Island Vehicle Value Commission ("Commission"), whose members are appointed according to Rhode Island Gen. Laws 44-34-11. According to Rhode Island Gen. Laws 44-34-11:

> *"The Commission shall annually determine the presumptive values of vehicles and trailers subject to the excise tax in the following manner:*
>
> *(1) Not earlier than September 30 and not later than December 31 of each year, the commission shall by rule adopt a methodology for determining the presumptive value of vehicles and trailers subject to the excise tax which shall give consideration to the following factors: (i) The average retail price of similar vehicles of the same make, model, type, and year of manufacture as reported by motor vehicle dealers or by official used car guides, such as that of the National Automobile Dealers Association of New England. Where regional guides are not available, the commission shall use other publications deemed appropriate; ...*
>
> *(2) On or before February 1st of each year, it shall adopt a list of values for vehicles and trailers of the same make, model, type, and year of manufacture of the preceding December 31s in accordance with the methodology adopted between September 30 and December 31; the list shall be subject to a public hearing at least five (5) business days prior to the date of its adoption.*
>
> *(3) Nothing in this section shall be deemed to require the commission to determine the presumptive value of vehicles and trailers which are unique, to which special equipment has been added or to which special modifications have been made, or for which adequate information is not available from the sources referenced in subdivision (1) of this subsection; provided, that the commission may consider those factors in its lists or regulations."*

Further, according to Rhode Island Gen. Laws 44-34-9:

> *"For the purpose of the imposition of an excise tax upon motor vehicles, the tax assessor shall determine the value of each motor vehicle in accordance with the*

following procedures:

...

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

The Commission fulfills this statutory responsibility by adopting the National Automobile Dealers Association (NADA) values.

2. **Is it "clean" or "average" value?**
Appendix A provides an explanation by NADA. Bottom line: The "average retail price" referenced in the Rhode Island statute is NADA's current "clean" value.

3. **Why is my value higher than I think it should be?**
The Commission uses the (NADA) clean retail/average retail (the expected value a dealer would sell that vehicle for given good condition and normal mileage for the year of the vehicle, as the basis of the valuation of your motor vehicle).

Please note that the mileage or condition of your vehicle is not used as factors of adjustment. A major reason why mileage and condition are not adjustment factors is that it is not administratively practical. If they were, then all one million plus motor vehicles would have to be inspected yearly to determine the actual mileage and the overall condition of each motor vehicle.

Approximately 20 states use NADA to determine presumptive values for excise tax purposes, including Connecticut and Massachusetts. However, please note that the specific methodology used by states may vary.

4. **Why did I receive a motor vehicle tax bill this year, but did not receive one last year?**
The motor vehicle assessment date is as of December 31st. If you owned a motor vehicle in Rhode Island prior to the assessment date of December 31st, you will have to pay a local motor vehicle tax adjusted by how many days you owned that vehicle during that year.

Another reason why you may have received a bill this year when you did not receive one last year could be the result of the lowering of the previous tax exemption that was mandated by state law and reimbursed to each city/town. Prior to tax year 2010, the exemption was $6,000 for each motor vehicle. This mandatory exemption was decreased to $500 for tax years 2010 and beyond.

Appendix B provides an overview of the exemption amounts by municipality. A city/town can offer an exemption greater than $500 per motor vehicle, but these exemptions will not be reimbursed by the state.

5. **Where can I find the value of my motor vehicle?**
Each tax assessor's office has a copy of the latest valuation guide prepared by the Commission. In order for the value to be obtained, you will need the make, model, year and Vehicle Identification Number (VIN). If your vehicle was not priced by the Commission, then the tax assessor for your city and town would be able to show you what publication or what methodology they utilized to value your motor vehicle.

6. **What is the appeal process?**
The appeal process is prescribed by Rhode Island Gen. Laws 44-34-8, which basically states that the taxpayer has 30 days of notice of the valuation to appeal to the local tax assessor. Once the appeal is received, the local tax assessor must either render a decision or, if the value was not established by the assessor, (s)he must forward the appeal to the Commission within ten (10) days. For example, the Commission does not value motor homes, trailers, or large trucks. In addition, the Commission does not value motor vehicles between 17 and 24 years old. For tax year 2011, that means the Commission did not value any vehicles between the model years of 1987 and 1993.

Any appeals forwarded to the Commission must be on an appeal form provided by the Commission and filled out by both the appellant and the Assessor's office. This form can be found in each local tax assessor's office. The Commission then reviews appeals to determine whether the local tax assessor used the value determined by the Commission (i.e., the NADA value discussed above). The Commission shall transmit its decision to the tax assessor within twenty (20) days of the receipt of the appeal. The tax assessor, in turn, must notify the taxpayer of the Commission's decision within ten (10) days of receipt of the decision. If the taxpayer is still aggrieved, (s)he may appeal the decision to the district court for the judicial division within which the city or town is located within thirty (30) days of the notification of the tax assessor or the Commission's decision.

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Clean vs. Average

Questions about Average Trade in value vs. Clean Trade-in value and Clean Retail value vs. our former Average Retail value have been posed by a number of government entities that base property and excise tax assessments on NADA Used Car Guide vehicle values. The brief answer is; the current "Clean Trade-in" value is the same as what we formerly called "Average Trade-in" and "Trade-in." The same applies to our current "Clean Retail" value, formerly named "Average Retail" and "Retail."

Some background information may help put the issue in perspective.

Historically, we used the term "average" for both Retail and Trade-in values in the NADA Official Used Car Guide. Most statutes that reference an average value were enacted well before 1995. However, on January 1, 1995, we discontinued the term "average." The editorial methodology did not change, just the term was dropped and "Average Trade-in" became simply "Trade-in" and "Average Retail" became "Retail." We continued to use the stand-alone terms "Retail, Trade-in and Loan," for the next 12 years from January 1, 1995 until January 1, 2007.

On January 1, 2007, we introduced the term "Clean" for all 3 values, reflecting our editorial position that the condition of a vehicle, as a consistent starting point in the methodology of valuation, was clean. Again, our methodology did not change. Therefore, at that point in time, the pre-1995 "Average Trade-in" and "Average Retail" were now labeled "Clean Trade-in" and "Clean Retail." Same values. Same methodology.

Then, on September 1, 2008, we introduced two new conditional values; "Average Trade-in" and "Rough Trade-in." The addition of these new conditional values was based on requests for our values to reflect the wholesale side of the market and represented the first time in 77 years that we expanded beyond 3 traditional values. Currently, the NADA Official Used Car Guide displays five values for each vehicle; Clean Retail, Clean Loan, Clean Trade-in, Average Trade-in and Rough Trade-in.

So, as we retrace our editorial history, the "average" value referenced in many state's general statutes that were written prior to 1995 is actually our current "Clean" value.

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APPENDIX B

RI Division of Municipal Finance

FY 2011 and FY 2012 Motor Vehicle Exemptions

Total Motor Vehicle Exemption (per MV) including mandatory $500 exemption

Municipalities	FY 2011	FY 2012
Barrington	$ 500	$ 500
Bristol	3,000	3,000
Burrillville	2,500	1,500
Central Falls	1,000	1,000
Charlestown	500	500
Coventry	6,000	500
Cranston	500	500
Cumberland	500	500
East Greenwich	6,000	6,000
East Providence (1)	6,000	500
Exeter	500	500
Foster	6,000	3,100
Glocester	2,700	500
Hopkinton	500	500
Jamestown	6,000	6,000
Johnston	500	500
Lincoln	3,000	3,000
Little Compton	6,000	6,000
Middletown	3,000	3,000
Narragansett	6,000	6,000
New Shoreham	6,000	6,000
Newport	6,000	6,000
North Kingstown	3,000	3,000
North Providence	500	500
North Smithfield	500	500
Pawtucket	3,400	500
Portsmouth	3,000	3,000
Providence	6,000	1,000
Richmond	500	500
Scituate (2)	6,000	6,000
Smithfield	1,000	1,000
South Kingstown	500	3,000
Tiverton	6,000	6,000
Warren	500	500
Warwick	6,000	500
West Greenwich	500	500
West Warwick	3,000	3,000
Westerly	500	1,500
Woonsocket	500	500

(1) East Providence's fiscal year is Nov 1 to Oct 31. Exemptions shown support FY 2010 and FY 2011 respectively.

(2) Scituate's fiscal year is April 1 to March 31.