SENATE COMMITTEE ON FINANCE

Section 6 of Article 8 has been added to this agenda

NOTICE OF MEETING

DATE: Tuesday, July 7, 2020
TIME: 4:00 PM
PLACE: Senate Lounge - State House

SCHEDULED FOR HEARING

House Bill No. 7171
(Governor)
BY Abney
ENTITLED, AN ACT RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2021
{LC3746/1}
01/16/2020 Introduced, referred to House Finance

- **Article 8 - Relating to Taxes, Sections 2 and 6 (Hotel Tax)**
- **Article 8 - Relating to Taxes, Section 3 (US Treasury Offset Program**
- **Article 11 - Relating to Economic Development**
- **Article 12 - Relating to Housing**
- Update on federal COVID-19 response funding for Economic Development and Housing issues

LOGISTICS:

·The State House continues to be closed to the public. Representatives of Governor Raimondo's Administration will offer testimony remotely.
·The meeting will be streamed live online via Capitol TV at
http://www.rilegislature.gov/CapTV/Pages/default.aspx.
·Most Committee Members will be attending in person, with some potentially meeting remotely.
·Members of the public wishing to testify may submit written testimony to:
SLegislation@rilegislature.gov
·Media members should contact Senate Communications Director Greg Pare at
gpare@rilegislature.gov For Information Regarding Coverage.

Jamie Plume
Committee Clerk
276-5584
jplume@rilegislature.gov

POSTED: FRIDAY, JUNE 26, 2020, 4:15 PM
LAST REVISED: FRIDAY, JULY 3, 2020, 1:51 PM

RHODE ISLAND LEAGUE
OF CITIES AND TOWNS

Distinctive Communities
Powerful Alliance

Testimony from Brian M. Daniels, Executive Director
Governor's FY 2021 (H7171) – Article 8, Section 2– Hotel Tax & Administrative Fees
Article 11– Economic Development; Article 12 – Housing
Senate Committee on Finance
July 7, 2020

Thank you, Mr. Chairman and members of the committee, for the opportunity to testify. We appreciate the General Assembly's support for cities and towns in recent budgets. As we have testified before, with property taxes making up approximately two-thirds of municipal revenues, every state dollar to cities and towns is effectively a dollar in local property tax relief.

For that reason, we strongly oppose the Governor's proposed 2.0% administrative fee on pass-through local revenues collected from the Hotel Tax and the Meals and Beverage Tax. These taxes are among the very few local revenue sources that cities and towns can rely on other than the property tax. However, as the Committee is aware, hotel and meals and beverage tax receipts have fallen precipitously as a result of the COVID-19 pandemic. Those losses have hit cities and towns hard, and we should not compound that problem by charging a new fee on those lower revenues when our communities are already struggling.

Under the Governor's original estimates before COVID-19, this new fee would translate to a cut of $799,000 to municipalities and local entities in FY 2021. Of that, $628,000 would come from a reduction in Meals and Beverage revenues. It is important to know that, with the exception of Newport, cities and towns are <u>required</u> by law to have the state collect those revenues, and now they would be charged a fee because of that mandate.

The argument for the new fee is that it would cover existing administrative costs in the Division of Taxation – not for any new services. The Tax Division's average full-time equivalent (FTE) cost including benefits is $103,387. In other words, the $800,000 generated by the fee would pay for almost eight positions, and we question whether eight people are devoted full-time to the collection and distribution of these pass-through funds. By comparison, the Public Service Corporation Tax has always had a 0.75% administrative fee.

We think that a 2.0% service charge on a state-manded program is excessive, and we urge the committee to reject that proposal.

Article 11

The League appreciates the Administration's commitment to working with cities and towns to support economic development efforts in Rhode Island. The Executive Office of Commerce consulted with the League and our members when developing Article 11, Section 13, the Site Readiness Act, and we believe it would provide a useful array of tools and incentives for communities to undertake economic development efforts.

Many communities have already partnered with Commerce to conduct Lean process improvements for certain licenses and permits – streamlining both the application and approval processes – to the benefit of businesses and municipal staff. Also, nearly thirty municipalities participate in the state's online e-permitting system, providing greater transparency and interagency coordination for various categories of building permits.

The Governor's proposal to create a Site Readiness Program builds on those past efforts, with the state offering additional services and support to communities on an opt-in basis. We have heard that some cities and towns are struggling to develop land for commercial or industrial purposes because of numerous factors, such as outdated zoning, lack of infrastructure or insufficient staff capacity. The Site Readiness Program would be a new resource for cities and towns in their economic development efforts, providing a range of services from technical assistance on zoning rewrites to pad-ready development. All engagements with cities and towns would be done on a voluntary, opt-in basis, with more complex projects governed by agreements between the municipality and the Commerce Corporation. Also, any land that is developed for economic development purposes through the Program may qualify for state assistance to offset a portion of foregone revenue from tax stabilization agreements. This benefit will provide greater incentive for communities to participate.

As part of the proposed Housing and Infrastructure Bond, the Governor recommends $21.5 million for Industrial Site Development. Those funds would be used to identify and develop new pad-ready industrial sites. Bond proceeds could be used for infrastructure, which is one of the biggest obstacles to developing existing sites for industrial and commercial use. Numerous communities have designated areas for development, but the property may lack the transportation and utility infrastructure needed to encourage businesses to locate and invest there.

We recognize the value of the Site Readiness Act and the Industrial Site Development bond funds to both municipalities and the state in their collective economic development efforts. We appreciate the Office of Commerce's outreach to the League and our members when crafting this proposal, and we urge the committee to support it.

Article 12

We also appreciate the Administration's commitment to working with cities and towns to support housing construction in Rhode Island. The Executive Office of Commerce consulted with the League and our members when developing Article 12, Section 4, "Housing Incentives for Municipalities," and we believe it would provide needed assistance to communities that want to increase housing production in a sustainable manner.

Numerous local leaders have remarked that the lack of available, affordable homes is limiting job growth and economic development. While zoning and land use should remain a local decision, the state can work with cities and towns to encourage housing construction and rehabilitation.

Article 12, Section 4, of the Governor's FY 2021 budget would create a new incentive program to encourage housing in areas that cities and towns designate as appropriate for development through a "housing incentive" overlay district. Incentive aid may be either technical assistance or school impact offset payments if the municipality can demonstrate that additional housing leads to unfunded education costs. We have heard from numerous communities – particularly those with lower state share ratios of education aid – that new housing can have a net negative impact on local finances if local education costs exceed new property taxes. The incentive proposal to provide cities and towns with technical assistance and education funding is based on a similar successful model in Massachusetts that Rhode Island should emulate.

We recognize the value of these municipal housing incentives and technical assistance as we collectively work to increase housing production in Rhode Island. We appreciate the Office of Commerce's outreach to the League and our members when crafting this proposal, and we urge the committee to support it. Thank you for your consideration of our views.

GoPROVIDENCE.COM
PROVIDENCE WARWICK CONVENTION & VISITORS BUREAU

July 3, 2020

Chairman Conley and Members of the Senate Finance Committee,

On behalf of the Providence Warwick Convention & Visitors Bureau (PWCVB) and the Rhode Island Sports Commission, I would like to reiterate our strong opposition to the proposed changes to the hotel tax rate and the hotel tax distributions contained in H 7171 Article 8. We respectfully urge you to reject these proposals.

Article 8, Section 6 proposes to increase hotel tax in RIGL §44-18-36.1 from 5% to 6%, resulting in a total tax levy of 14% on a room night. While adding 1% to the state's current 13% hotel tax may be viewed as a nominal change, it represents a nearly 8% tax increase on a room night in Rhode Island, and further impairs our competitiveness to attract future business. The PWCVB has grave concerns about the health of the hotel community in Providence and Warwick, due to catastrophic financial losses suffered in the wake of the COVID-19 pandemic. It is not unrealistic to say that any competitive disadvantage could contribute to putting hotels out of business.

Article 8, Section 2 proposes to modify the hotel tax distribution formulas to deposit the new revenue raised by increasing the hotel tax from 5% to 6% in the state's general fund, and reducing the percentages directed to entities like the PWCVB that are dedicated to the attraction of meetings, conventions, and other events that fill local hotels, the Rhode Island Convention Center, and sports and other facilities throughout the state in a manner attempting to hold entities harmless in terms of expected dollars from prior years' activities,

Unfortunately, the PWCVB has seen unparalleled losses due to COVID-19. We are primarily funded by hotel taxes, which have been decimated during this pandemic, and, as a 501(c)(6) organization, we not eligible for payroll protection. Our resources are stretched incredibly thin, yet we are still working diligently to book business into the currently shuttered Rhode Island Convention Center for 2021 and beyond. In our last fiscal year, our organization booked 284 meetings, conventions and sporting events in Rhode Island, with an estimated direct spend of $87 million. This year, we have already lost $48.5 million worth of business, as a result of COVID-19. We expect that number to increase. Changing the distribution rates in a manner that reduces funding to organizations including the PWCVB will further thwart our economic recovery.

The loss of business nationwide has made the effort to secure meetings, conventions and sporting events even more competitive and more important. The proposed changes in the hotel tax rate and distribution formula, both collectively and independently, will hurt our ability to book such lucrative events, as planners note that the price of doing business in Rhode Island is going up, and our resources to recruit such business has already been decimated.

The 2019 HVS Lodging Tax Report shows that Rhode Island currently ranks fourth in the United States in ad valorem tax rates on lodging accommodations. The proposed one percent increase will put us at a further disadvantage, as we fight to secure business for our home state and fill the Rhode Island Convention Center.

Especially since COVID-19, the PWCVB's mission has become more difficult and more important for our state's economic recovery. My team and I would be happy to answer any questions you may have or provide you with any further detail. We respectfully urge your rejection of the proposed hotel tax changes in Article 8, Sections 2 & 6. Thank you for hearing our concerns and for all that you do to support business in Rhode Island.

Sincerely,

Kristen L. Adamo
President and CEO

Rhode Island HOSPITALITY Association
Voice of Rhode Island's Lodging, Restaurant, and Tourism Industry.

July 7, 2020

The Honorable William Conley
RI Senate Committee on Finance
RI State House
Providence, RI 02903

Re: Budget Article 8 – Hotel Tax

Dear Chairman Conley:

On behalf of the RI Hospitality Association, we write in strong opposition to the proposal in the Governor's budget that would increase the State Hotel Tax from 5% to 6%, with the additional revenue going into the General Fund. This legislation will have an immediate impact on the hospitality and tourism industry, which has been devastated by COVID-19.

According to the Bureau of Labor Statistics, the Hospitality and Leisure Industry has lost as many jobs as construction, government, manufacturing, retail, education, and health services – combined. Hotels in Rhode Island were the first businesses impacted by the pandemic. As early as January, meetings and conventions began to cancel, as fears about the virus grew.

As stay at home orders were enacted across the country and travel restrictions put in place, many hotels in Rhode Island closed their doors. While some have reopened, many remain closed. In April, the Hotel occupancy in Rhode Island was at just 21.7%, compared to 65% in 2019, however, this number does not include the hotels that were closed, which would bring the occupancy rate even lower.

As the industry begins its slow road to recovery, we face additional challenges. Our summer tourism season, a major revenue generator for the industry across the state, has been limited. Social gatherings, such as weddings, were not permissible until July and still face strict capacity limits. This is of concern to our Newport, South County and Block Island hotels, which depend on the summer business to get them through the slower winter months.

Providence and Warwick hotels, which depend on the RI Convention Center and attractions such as Waterfire, to fill their rooms throughout the year, are facing an uneasy future as they try to shift their business model to accommodate the new reality. The slow-down of business travel is leaving hotels across the state without a major revenue stream.

94 Sabra Street
Cranston, RI 02910
401-223-1120
401-223-1123
www.RIHospitality.org

Rhode Island's economy depends on the hospitality industry. Pre-COVID, the industry was an economic driver for the state. In 2019 our industry collected over $292.3 Million in sales, meals and beverage and hotel tax and employed over 86,000 Rhode Islanders. While we understand that the state is facing its own financial difficulties, the hospitality industry simply cannot afford this increase in the hotel tax.

If you have any questions, please do not hesitate to contact us at 401-223-1120 or sarah@rihospitality.org.

Sincerely,

Sarah Bratko, Esq.
Vice President of Advocacy/General Counsel

94 Sabra Street
Cranston, RI 02910
401-223-1120
401-223-1123
www.RIHospitality.org

EXECUTIVE CHAMBER

SEAL OF THE CITY OF WARWICK, R.I. 1642-1931

CITY OF WARWICK

JOSEPH J. SOLOMON

MAYOR

July 6, 2020

The Honorable William J. Conley
Finance Committee Chairman
State House Room 117
Providence, RI 02903

Via E-Mail

Dear Chairman Conley:

I write to you today, on behalf of the City of Warwick's residents and the many businesses that benefit from its tourism marketing efforts, to oppose Article 8, Section 2 of the State budget proposal, which would decrease the share of hotel tax distribution to cities, towns, and regional tourism districts retroactive to July 1, 2020.

As we are all too painfully aware, the COVID-19 pandemic has had a tremendously devastating effect on the national, state and local economies, and, particularly, the hospitality and tourism industries. Just in Warwick, the hotel occupancy rate, year to date, has decreased by 30 percent. Even more troubling is the fact that our hotel tax revenue has declined by 40 percent – which translates to an $8.5 million decline in revenue in just one year. (See attachment).

Reducing the municipalities' and tourism districts' hotel tax percentage would significantly and devastatingly exacerbate the funding reductions they're already facing due to the tremendous decrease in hotel occupancy rates. Under Article 8, Section 2, the City of Warwick alone would see its share of hotel receipts drop from 30 percent to 25 percent of already very limited tax revenue.

Warwick's Department of Tourism, Culture & Development uses hotel tax monies to fund multi-faceted and comprehensive regional and local marketing programs. These have been tremendously effective in enhancing tourism and bringing more visitors to our City and neighboring communities – resulting in a stronger local economy and job growth pre-pandemic. According to the latest available data from the US Bureau of Labor Statistics, the Providence-Warwick metro area employed 69,000 people in the

3275 POST ROAD • WARWICK, RHODE ISLAND 02886 • (401) 738-2000 • FAX (401) 738-6639

hospitality industry as of May of 2019. In May of this year, the industry employed just over 33,000 people[1]. Recently, these funds have also allowed the City to promote those businesses that have reopened on a limited basis under state phasing guidelines.

We all hope that the COVID-19 pandemic will subside sooner rather than later, and that the economy – and particularly those industries that have been hardest hit – can recover more quickly than presently anticipated. For Rhode Island's tourism and hospitality industries, then, it is particularly crucial that municipalities and the regional tourism districts continue to have as many financial resources and mechanisms in place so they can recapture their share of the tourism market and the jobs and tax revenue it provides. Any additional reduction of tourism marketing and programming capabilities would be counterproductive to these efforts.

Further, the proposal to allocate 16.7 percent of all hotel taxes generated to the General Fund for State use is troubling, as it is unlikely that even after the economy has rebounded that that practice would be reversed for the benefit of local and regional marketing and promotional efforts.

As Mayor of a large municipality, I know full well that challenging budgets necessitate difficult decisions. And I can certainly empathize with the unenviable situation that the Finance Committee and the General Assembly as a whole presently face as they address the deficit resulting in great part from the pandemic.

However, given the reliance of the State as well as individual municipalities on the tourism and hospitality sectors of the economy, it would be unwise to further scale back funding for promotional efforts at a time when marketing will be more crucial than ever to entice travelers and tourists back to Warwick and Rhode Island.

Given all the aforementioned factors, and with the thousands of Rhode Islanders whose livelihoods rely on a strong and successful hospitality and tourism industry in mind, I respectfully ask you and your colleagues on the Senate Finance Committee to reject Section 2 of Article 8 of the State budget proposal.

Sincerely,

Joseph J. Solomon
Mayor

cc: The Honorable Members of the Senate Finance Committee

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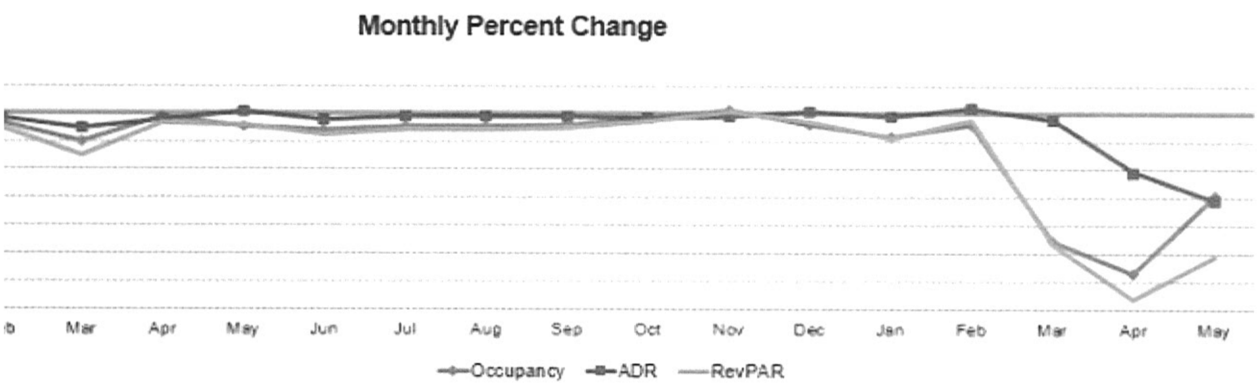
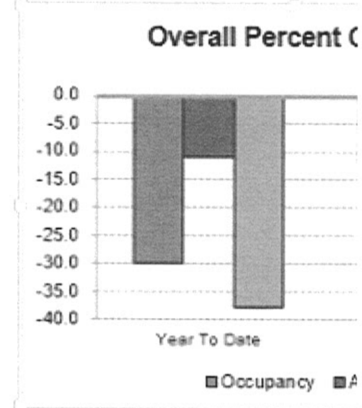
[1] https://fred.stlouisfed.org/series/PROV244LEIH





2019											2020					Year To Date		
Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	2018	2019	2020
56.0	59.4	63.5	67.0	73.5	74.0	76.6	71.7	71.3	58.9	47.9	47.0	53.6	32.5	27.4	47.4	62.4	59.5	41.7
58.0	66.3	64.3	70.2	78.2	77.8	80.5	74.9	72.5	58.1	49.9	51.3	56.0	59.4	63.5	67.0	64.2	62.4	59.5
-3.4	-10.4	-1.2	-4.5	-6.0	-5.0	-4.8	-4.3	-1.7	1.4	-4.0	-8.5	-4.3	-45.2	-56.9	-29.3	-2.9	-4.6	-29.9

2019											2020					Year To Date		
Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	2018	2019	2020
95.38	91.85	98.51	118.03	115.71	116.87	114.26	111.35	113.23	97.31	89.70	92.82	97.29	89.66	77.92	81.55	101.92	100.25	89.10
97.23	97.07	100.76	117.37	118.23	117.91	115.53	112.93	114.96	98.21	88.91	93.64	95.38	91.85	98.51	118.03	94.67	101.92	100.25
-1.9	-5.4	-2.2	0.6	-2.1	-0.9	-1.1	-1.4	-1.5	-0.9	0.9	-0.9	2.0	-2.4	-20.9	-30.9	7.6	-1.6	-11.1

2019											2020					Year To Date		
Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	2018	2019	2020
53.37	54.59	62.52	79.08	85.08	86.44	87.54	79.78	80.71	57.30	42.99	43.62	52.10	29.18	21.34	38.64	63.57	59.63	37.17
56.35	64.40	64.76	82.38	92.45	91.75	93.00	84.58	83.36	57.03	44.41	48.07	53.37	54.59	62.52	79.08	60.82	63.57	59.63
-5.3	-15.2	-3.5	-4.0	-8.0	-5.8	-5.9	-5.7	-3.2	0.5	-3.2	-9.3	-2.4	-46.5	-65.9	-51.1	4.5	-6.2	-37.7

2019											2020					Year To Date		
Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	2018	2019	2020
66,052	73,129	70,770	73,129	70,770	73,315	73,346	70,980	73,346	70,980	73,346	73,346	66,248	73,346	61,620	68,231	337,515	356,209	342,791
62,580	69,285	67,080	69,316	70,830	73,191	73,191	70,830	73,191	70,830	73,191	73,129	66,052	73,129	70,770	73,129	337,334	337,515	356,209
5.5	5.5	5.5	5.5	-0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	-12.9	-6.7	0.1	5.5	-3.8

2019											2020					Year To Date		
Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	2018	2019	2020
36,962	43,464	44,919	48,995	52,039	54,224	56,190	50,859	52,284	41,794	35,151	34,470	35,476	23,871	16,875	32,329	210,521	211,886	143,021
36,268	45,968	43,115	48,652	55,386	56,953	58,917	53,048	53,073	41,135	36,555	37,546	36,962	43,464	44,919	48,995	216,719	210,521	211,886
1.9	-5.4	4.2	0.7	-6.0	-4.8	-4.6	-4.1	-1.5	1.6	-3.8	-8.2	-4.0	-45.1	-62.4	-34.0	-2.9	0.6	-32.5

2019											2020					Year To Date		
Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	2018	2019	2020
3,525,453	3,992,060	4,424,843	5,782,818	6,021,238	6,337,169	6,420,415	5,663,092	5,919,954	4,067,152	3,153,090	3,199,625	3,451,637	2,140,336	1,314,942	2,636,457	21,455,347	21,240,808	12,742,997
3,526,161	4,461,980	4,344,319	5,710,168	6,548,290	6,715,250	6,806,445	5,990,728	6,101,362	4,039,787	3,250,111	3,515,633	3,525,453	3,992,060	4,424,843	5,782,818	20,517,761	21,455,347	21,240,808
0.0	-10.5	1.9	1.3	-8.0	-5.6	-5.7	-5.5	-3.0	0.7	-3.0	-9.0	-2.1	-46.4	-70.3	-54.4	4.6	-1.0	-40.0

Blackstone Valley Tourism Council Inc.
Robert Billington, Ed.D.,President

Testimony
Senate Finance Committee

July 7, 2020

Governor's FY 2021 Budget
Opposing Proposed Changes to Hotel Tax
House Bill 7171
Article 8, Section 2

Members of the Senate Finance Committee:

The Blackstone Valley Tourism Council opposes the Governor's proposed changes to the State Hotel Tax in the FY 2021 State Budget.

The proposal to reformulate the distribution formula to the tourism districts, plus the increase in the Hotel Tax from 5 percent to 6 percent would be considered a seismic shift to support General Revenues, as the funds are intended for use in Statewide and Regional Tourism Development.

In particular, with the continued Covid-19 pandemic, Blackstone Valley has been especially hard hit from the economic fallout from the virus, as it impacts all of the tourism activity our agency represents, including small urban businesses, many owned by ethnic entrepreneurs and communities of color in the challenged urban centers of Pawtucket, Central Falls and Woonsocket,

In the last five years alone, the very complicated formula for the distribution of the Hotel Tax has been changed three times to balance the marketing promotion funding for the State and our respective tourism districts. In the midst of the virus and recession, along with helping to support tourism-related essential businesses, we cannot afford to change the distribution formula to make up for lost State revenues.

Also, in 2018, the General Assembly enacted the latest changes to the Hotel Tax and regional distribution as part of an agreement reached between the Governor, the Commerce team and the Legislative leadership, through the House Commission on Growing Tourism. All parties involved agreed to the current distribution formula with the intent to ensure there would be a permanent funding formula in place to develop statewide marketing and promotion, and through our local districts, a comprehensive tourism strategy.

Our district, which is the home to Rhode Island's only National Park, is the least funded for the amount of communities we represent. Although we host Rhode Island's top visitor destination, Twin River Casino and Hotel, we rely upon hotel, lodging, and visitor hosting platforms in the Hotel Tax, as our major support of funds.

Now, with the onset of Covid-19, Blackstone Valley has lost much of its tourism base, as many of our region's attractions, events, festivals, restaurants, hotels and related businesses are severely impacted. We are working closely with all our local tourism businesses to help them rebuild through the phased reopening process.

We have also partnered with the Governor, the Commerce team, our local communities, the private sector, and the General Assembly, to re-brand, re-build and re-invest Rhode Island's tourism development and marketing efforts.

The shared investment Rhode Island has made in tourism development before the setback of the virus and the economy speaks for itself.

According to latest statistics available from the RI Commerce Corporation:

Rhode Island hosted 24.8 million visitors in 2017, including 7.8 million overnight visitors.

Tourism impact upon RI's economy reached $6.5 billion in 2017, including visitor spending, tourism-related construction, and supporting industries.

This represents growth of 5.4% in 2017 and cumulative growth of 23% over the past five years.

This supported 83,913 jobs, including direct, indirect and induced impacts. This equates to one job for every 293 visitors.

13.1% of all jobs in the state (1-in-7.6) are sustained by the travel economy.

Total traveler economy employment increased 4.3% from 2015 to 2017. This compares to just 1.9% employment growth for the total Rhode Island economy.

Tourism in Rhode Island generated $775 million in state and local taxes in 2017. Each household in Rhode Island would need to pay $1,890 in additional taxes in the absence of the visitor economy.

It is crucial at this time of economic setback and challenging health crisis, and the need to have the cultural community be part of reshaping Rhode Island, to have a sustainable and reliable funding formula to keep our State and local tourism working and moving in the right direction. It is a key economic and community development investment for our State and our local cities and towns.

We have already adjusted the distribution formula many times. The Hotel Tax was and is intended to be just as the General Assembly has enacted into law over the last three decades, to be a dedicated funding stream to support and develop our State's tourism resources. We cannot have our critical funding shifted to support General Funds.

We respectfully urge you to oppose any attempts to cut or re-formulate State Hotel Tax.

SOUTH
COUNTY
TOURISM
COUNCIL

July 2,2020

Members of the Senate Finance Committee:

The South County Tourism Council strongly opposes House Bill 7171 article 8, Section 2 increasing the Hotel tax by an additional 1%.

Currently, Rhode Island has the 4th highest lodging taxes in the nation. States with high lodging rates typically have more restrictions on the imposition of local lodging taxes. Connecticut has a 15% lodging tax but forbids all local authorities from imposing additional taxes. Other states impose a low state rate but do not restrict local taxes.

If Rhode Island continues to increase hotel tax, we will witness a decrease in our visitor numbers as well as the business meetings market. The New England market is extremely competitive, and it is time to be mindful of how higher taxes will make Rhode Island less desirable in this arena.

In 2019, from March through September, Gross Spending Required to support the tax collected from our hotels and cottage rental was 75,056,582. Consumers from our drive market of 900 miles have many destination choices, if we continue to look toward hotel tax to correct the states budget shortfall, over time we will lose market share.

It is my hope that you recognize the value of Tourism in Rhode Island and will oppose Bill 7171.

Regards,

Louise D. Bishop

Louise D. Bishop

President

www.southcountyri.com
4160 Old Post Road | Charlestown, RI 02813 | 401.789.4422 | 800.548.4662 | Fax 401.789.4437

Date: July 1, 2020

To: Senate Finance Committee

From: Evan Smith President & CEO – Discover Newport

Discover Newport would like to go on record as standing opposed to the proposed changes to the state hotel tax as outlined in Article 8 section 2 (hotel tax).

Our opposition is based on multiple principles:

1. Hotels are already over- taxed. Looking at the national figures by state, I believe Rhode Island has the 4th highest taxes on hotel rooms in the nation. Hotels pay property tax, sales tax, hotel tax, meals tax, payroll tax, inventory tax, plus many other travel related taxes & fees. Increasing this tax would only make our hotels less competitive in the national market which is already extremely competitive.

2. State government continues to focus on continuing to over tax two markets within the tourism business community (i.e. lodging & dining) while not taxing many other sectors from the tourism community including, but not limited to attractions & events. We believe that the taxation burden should be more evenly distributed among all the businesses that comprise the various sectors of tourism.

We would strongly encourage the members of the state finance committee reject the changes in the hotel tax as outlined in Article 8, section 2. If you have any questions I can be reached at esmith@discovernewport.org or 401-845-9113. Thank you for your consideration of our feedback.

Date: July 1, 2020

To: Senate Finance Committee

From: Jessica Willi – Executive Director, Block Island Tourism Council

Re: Senate Finance Committee hearing Tuesday, July 7th at 4:00 p.m., concerning Article 8 section 2 (Hotel Tax)

The Block Island Tourism Council would like to go on record as standing opposed to the proposed changes to the state hotel tax as outlined in Article 8 section 2 (hotel tax).

As you undoubtably know, hotels in Rhode Island are already charged with collecting a very high 13% on room nights. This turns a $100 per room night into a $113 per room night. Rhode Island is already at a competitive disadvantage with this Nationally high hotel tax rate…. adding another 1%, especially in the current climate, would put our RI hotels at an even greater disadvantage in this highly competitive market.

Additionally, there are other sectors of the hospitality industry that are taxed at a much lower rate, or not at all. There are opportunities to 'level the playing field' as opposed to making the already high Hotel Tax even higher.

We would strongly encourage that the members of the Senate Finance Committee reject the changes in the hotel tax as outlined in Article 8, section 2. If you have any questions I can be reached at bitourism@yahoo.com or 401-466-5200. Thank you for your consideration of our feedback.

Jessica Willi

Executive Director
Block Island Tourism Council