



RHODE ISLAND

Rhode Island Commerce Corporation

315 Iron Horse Way
Providence, Rhode Island 02908

July 21, 2020

Honorable Representative Marvin L. Abney
Chairman, House Finance Committee
Rhode Island State House
82 Smith Street
Providence, RI 02903

RE: H7654 Relating to State Affairs and Government – Tourism and Development

Dear Chairman Abney:

On behalf of the Rhode Island Commerce Corporation, I write to express our concern with House bill 7654.

The tourism industry is a critical driver of the State's economy. In 2018, Rhode Island hosted 25.4M visitors representing a growth of 4.7% year over year and cumulative growth of 29% over the previous six years. This industry supports over 86,000 jobs over just over 13% of all jobs in the state. Tourism in Rhode Island generated over \$800M in state and local taxes in 2018.

The role of the tourism and marketing department of the Rhode Island Commerce Corporation is to attract tourists to visit and book multi-night stays in the Ocean State. Rhode Island Commerce oversees the state-wide marketing efforts and the overwhelming majority of the hotel tax allocated to Commerce is spent directly on paid advertising. Currently, we observe a return of 2.6 for every dollar spent. We can independently track that 18,636 hotel bookings were made, and 13,859 flights were purchased as a direct result of our paid advertising (\$3.4M in direct hotel revenue)¹.

With the decline in hotel tax due to the COVID-19 pandemic, the tourism marketing budget is already strained, and this proposed change of the hotel tax formula will impact the ability of our statewide marketing efforts. This decrease in the statewide marketing and advertising budget will further constrain our ability to recover from the impacts of the pandemic, negatively impacting the tourism and hospitality industry and the main street businesses across the state that rely on a strong tourism base. Changing the formula will directly affect paid advertising dollars spent promoting visitation to and attractions in places including our capital city, like Newport, Blackstone Valley, South County and everywhere else in between.

¹ From the period of August 1, 2019 to March 20, 2020.



We look forward to continuing to work with the House Finance Committee to strengthen Rhode Island's economy. Should you have any questions please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'JS'.

Jesse Saglio
President
Rhode Island Commerce Corporation