



***Special Legislative
Commission to Study
Methods for Growing
Tourism in the State of
Rhode Island***

Hotel Tax Subcommittee



OCTOBER 12, 2017

SECTION ONE:

I. INITIAL LEGISLATION

II. CURRENT LAW

III. DIVISION OF TAXATION REGULATIONS

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 1986

FLOOR AMENDMENT

TO

86 -- H 8422 SUBSTITUTE A

AN ACT RELATING TO RHODE ISLAND TOURISM AND DEVELOPMENT

Mr. Speaker:

I hereby move to amend 86 -- H 8422 SUBSTITUTE A, entitled "AN ACT RELATING TO RHODE ISLAND TOURISM AND DEVELOPMENT," as follows:

By deleting all of the language immediately following the enacted clause "It is enacted by the General Assembly as follows" and substituting therefor the following:

SECTION 1. Chapter 44-18 of the general laws entitled "Sales and Use Taxes -- Liability and Computation," is hereby amended by adding thereto the following section:

44-18-36.1. Hotel tax. -- (a) There is hereby imposed a hotel tax of four percent (4%) upon the total consideration charged for occupancy of any space furnished by any hotel in this state. The hotel tax shall be in addition to any sales tax imposed. This hotel tax shall be administered and collected by the division of taxation and unless otherwise provided to the contrary in this chapter, all the administration, collection and other provisions of chapters 44-18 and 44-19 of the Rhode Island general laws shall apply. Upon request to the division of taxation, a municipality may, for a given year or years, elect to administer and collect the tax provided for in this chapter; provided, however, the cities of Newport, Providence and Warwick and the town of Middletown shall collect the tax provided for herein, provided, however, that nothing in this chapter shall be construed to limit the powers of the Convention Authority of the city of Providence established pursuant to the provisions of chapter 84 of the public laws, January session, 1980, except that distribution of hotel tax receipts shall be made pursuant to this chapter 44-63.1 rather

than said chapter 04.

(b) Cities which collect the tax shall, within ten (10) days of the receipt of the same, distribute the tax in accordance with section 42-63.1-3; provided that from the proceeds received by the city of Providence pursuant to 42-63.1-3(b), said city shall grant the sum of sixty-two thousand five hundred dollars (\$62,500.00) to the Roger Williams park improvement commission.

SECTION 3. Title 42 of the general laws entitled "State Affairs and Government," is hereby amended by adding thereto the following chapter:

CHAPTER 63.1

RHODE ISLAND TOURISM AND DEVELOPMENT

42-63.1-1. Purpose. -- The purpose of this chapter is to establish an operating program to promote and encourage tourism, to coordinate tourism activities within the state and to establish a fund to promote and encourage tourism. . . .

42-63.1-2. Definitions. -- (1) "Department" means the department of economic development.

(2) "Hotel" means any facility offering a minimum of three (3) rooms for which the public may, for a consideration, obtain transient lodging accommodations. The term "hotel" shall include hotels, motels, tourist homes, tourist camps, lodging houses and inns and shall exclude schools, hospitals, sanitariums, nursing homes and chronic care centers.

(3) "Consideration" means the monetary charge for the use of space devoted to transient lodging accommodations.

(4) "Occupancy" means a person, firm or corporation's use of space ordinarily used for transient lodging accommodations not to exceed thirty (30) days. Excluded from "occupancy" is the use of space for which the occupant has a written lease for said space, which lease covers a rental period of twelve (12) months or more.

(5) "District" means the regional tourism districts set forth in section 42-63.1-5.

(6) "Tax" means the hotel tax imposed by section 44-18-36.1.

42-63.1-3. Distribution of tax. -- The proceeds of the hotel tax shall be distributed as follows by the tax division and municipalities:

(a) Fifty percent (50%) of the tax generated by the hotels in the district shall be given to the regional tourism district wherein the hotel is located.

(b) Twenty-five percent (25%) of the hotel tax shall be given to city or town wherein the hotel which generates the tax is physically located to be used for whatever purpose the city or town decides;

(c) Ten percent (10%) of the hotel tax shall be deposited in the Roger Williams Reserve Fund established in section 42-63.1-6; and

(d) Fifteen percent (15%) of the hotel tax shall be given to the department of economic development to be spent and applied for state-wide tourism promotion and the other purposes of this chapter.

42-63.1-4. Use of funds. -- Subject to subsections 42-63.1-3 (b) and 42-63.1-3 (c), an entity which receives funds pursuant to this chapter shall use the funds to promote and encourage tourism in Rhode Island to coordinate tourism activities and to further economically develop the state.

42-63.1-5. Regional tourism districts. -- The state of Rhode Island is hereby divided into six (6) regional tourism districts to be administered by the designated tourism council or the department of economic development:

(1) South County district which shall include Block Island, Westerly, Charlestown, Narragansett, South Kingstown, North Kingstown, Hopkinton, Exeter, Richmond and West Greenwich to be administered by the South County Tourism Council, Inc.;

(2) Greater Providence district consists of the city of Providence to be administered by the Greater Providence Convention and Visitors' Bureau;

(3) Northern Rhode Island district consists of Pawtucket, Woonsocket, Lincoln, Central Falls, Cumberland, North Smithfield, Smithfield and Burrillville to be administered by the Blackstone Valley Tourism Council, Inc.;

(4) Aquidneck Island district consists of Newport, Jamestown,

Middletown, Portsmouth, Tiverton and Little Compton to be administered by the Newport Tourism and Convention Authority;

(5) Warwick region consists of the city of Warwick to be administered by the city of Warwick department of economic development;

(6) Statewide district consists of all cities and towns not delineated in (1) through (5) to be administered by the department;

(7) Before receiving any funds under this chapter, the organizations designated to receive such funds on behalf of the South County regional tourism district and the Northern Rhode Island regional tourism district shall be required to apply to and receive approval from the department of economic development pursuant to guidelines promulgated by said department. The department shall review the eligibility of said regional tourism district organizations to receive such funds at least annually.

42-63.1-6. Roger Williams reserve fund. -- (a) There is hereby created as a separate fund within the general fund to be called the Roger Williams Reserve Fund which shall be administered by the general treasurer in accordance with the same laws and fiscal procedures as the general funds of the state. Such fund shall consist of such sums as the state may, from time to time receive from the hotel tax fund.

(b) All monies placed in the Roger Williams Reserve Fund shall be made available immediately and are hereby specifically appropriated to the department of environmental management for the preservation of "open spaces" including, but not limited to, the acquiring of development rights for farmland, the preservation of historical sites, the development and/or acquiring of space for parks and recreational purposes.

42-63.1-7. Administration of the fund. -- (a) The department of environmental management shall: (1) develop the criteria by rules and regulations necessary for defining eligible projects; (2) prepare and adopt rules regulating its activities and establish procedures consistent with the purpose of this chapter.

42-63.1-8. Local hotel taxes. -- Local communities which, prior to the effective date hereof, having taxing authority to assess a hotel tax on transient lodging such as Providence public laws 1980,

chapter 04; Newport public laws 1981, chapter 263, and Warwick public laws 1985, chapter 13, shall not impose a tax on or after September 1, 1986.

42-63.1-9. Exemption. -- Chapter 42-63.1 is exempt from the provisions of sections 45-13-7 through 45-13-10, inclusive.

SECTION 3. Section 9 of chapter 263 of the public laws of 1981 is hereby amended to read as follows:

The tourism and convention authority shall be comprised of thirteen (13) members as follows: one (1) councilman chosen by the city council of Newport; one (1) councilman chosen by the town council of Middletown; two (2) representatives chosen by the speaker of the house of representatives; one (1) senator chosen by the majority leader of the senate; eight (8) private citizens, at least three (3) of whom shall be representatives of the hotel industry to be appointed by a majority of the members of the authority and said appointments shall be, insofar as possible, in proportion to that amount of tax raised by the city or town.

The members of the tourism and convention authority shall serve without compensation.

The tourism and convention authority shall meet monthly at a time to be designated. Special meetings of the authority may be called by the chairperson upon the giving of five (5) days' written notice to all members of the authority.

SECTION 4. This act shall take effect on September 1, 1986.

Respectfully submitted,

Paul W. Crowley
Representative District 100

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TITLE 42
State Affairs and Government

CHAPTER 42-63.1
Tourism and Development

SECTION 42-63.1-1

§ 42-63.1-1 Purpose.

The purpose of this chapter is to establish an operating program to promote and encourage tourism, to coordinate tourism activities within the state, and to establish a fund to promote and encourage tourism; and to promote and develop conventions and related exhibitions, meetings, banquets and other events customarily incident thereto in facilities established pursuant to chapter 99 of this title.

History of Section.

(P.L. 1986, ch. 506, § 2; P.L. 1995, ch. 371, § 1.)

TITLE 42

State Affairs and Government

CHAPTER 42-63.1

Tourism and Development

SECTION 42-63.1-2

§ 42-63.1-2 Definitions.

For the purposes of this chapter:

- (1) "Consideration" means the monetary charge for the use of space devoted to transient lodging accommodations.
- (2) "Corporation" means the Rhode Island commerce corporation.
- (3) "District" means the regional tourism districts set forth in § 42-63.1-5.
- (4) "Hotel" means any facility offering a minimum of one (1) room for which the public may, for a consideration, obtain transient lodging accommodations. The term "hotel" shall include hotels, motels, tourist homes, tourist camps, lodging houses, and inns. The term "hotel" shall also include houses, condominiums or other residential dwelling units, regardless of the number of rooms, which are used and/or advertised for rent for occupancy. The term "hotel" shall not include schools, hospitals, sanitariums, nursing homes, and chronic care centers.
- (5) "Hosting platform" means any electronic or operating system in which a person or entity provides a means through which an owner may offer a residential unit for "tourist or transient" use. This service is usually, though not necessarily, provided through an online or web-based system which generally allows an owner to advertise the residential unit through a hosted website and provides a means for a person or entity to arrange tourist or transient use in exchange for payment, whether the person or entity pays rent directly to the owner or to the hosting platform. All hosting platforms are required to collect and remit the tax owed under this section.
- (6) "Occupancy" means a person, firm or corporation's use of space for transient lodging accommodations not to exceed thirty (30) days. Excluded from "occupancy" is the use of space for which the occupant has a written lease for the space, which lease covers a rental period of twelve (12) months or more. Furthermore, any house, condominium or other residential dwelling rented, for which the occupant has a documented arrangement for the space covering a rental period of more than thirty (30) consecutive days or for one calendar month is excluded from the definition of occupancy.
- (7) "Tax" means the hotel tax imposed by subsection 44-18-36.1(a).
- (8) "Owner" means any person who owns real property and is the owner of record. Owner shall also include a lessee where the lessee is offering a residential unit for "tourist or transient" use.
- (9) "Residential unit" means a room or rooms, including a condominium or a room or a dwelling unit that forms part of a single, joint or shared tenant arrangement, in any building, or portion thereof, which is designed, built, rented, leased, let, or hired out to be occupied for non-commercial use.

(10) "Tour operator" means a person that derives a majority of his or her or its revenue by providing tour operator packages.

(11) "Tour operator packages" means travel packages that include the services of a tour guide and where the itinerary encompasses five (5) or more consecutive days.

(12) "Tourist or transient" means any use of a residential unit for occupancy for less than a thirty (30) consecutive day term of tenancy, or occupancy for less than thirty (30) consecutive days of a residential unit leased or owned by a business entity, whether on a short-term or long-term basis, including any occupancy by employee or guests of a business entity for less than thirty (30) consecutive days where payment for the residential unit is contracted for or paid by the business entity.

History of Section.

(P.L. 1986, ch. 506, § 2; P.L. 1995, ch. 370, art. 12, § 6; P.L. 2004, ch. 595, art. 17, § 8; P.L. 2015, ch. 141, art. 11, § 2.)

TITLE 42

State Affairs and Government

CHAPTER 42-63.1

Tourism and Development

SECTION 42-63.1-3

§ 42-63.1-3 Distribution of tax.

(a) For returns and tax payments received on or before December 31, 2015, except as provided in § 42-63.1-12, the proceeds of the hotel tax, excluding such portion of the hotel tax collected from residential units offered for tourist or transient use through a hosting platform, shall be distributed as follows by the division of taxation and the city of Newport:

(1) Forty-seven percent (47%) of the tax generated by the hotels in the district, except as otherwise provided in this chapter, shall be given to the regional tourism district wherein the hotel is located; provided, however, that from the tax generated by the hotels in the city of Warwick, thirty-one percent (31%) of the tax shall be given to the Warwick regional tourism district established in § 42-63.1-5(a)(5) and sixteen percent (16%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors' Bureau established in § 42-63.1-11; and provided further, that from the tax generated by the hotels in the city of Providence, sixteen percent (16%) of that tax shall be given to the Greater Providence-Warwick Convention and Visitors' Bureau established by § 42-63.1-11, and thirty-one percent (31%) of that tax shall be given to the Convention Authority of the city of Providence established pursuant to the provisions of chapter 84 of the public laws of January, 1980; provided, however, that the receipts attributable to the district as defined in § 42-63.1-5(a)(7) shall be deposited as general revenues, and that the receipts attributable to the district as defined in § 42-63.1-5(a)(8) shall be given to the Rhode Island commerce corporation as established in chapter 64 of title 42.

(2) Twenty-five percent (25%) of the hotel tax shall be given to the city or town where the hotel, which generated the tax, is physically located, to be used for whatever purpose the city or town decides.

(3) Twenty-one (21%) of the hotel tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title 42, and seven percent (7%) to the Greater Providence-Warwick Convention and Visitors' Bureau.

(b) For returns and tax payments received after December 31, 2015, except as provided in § 42-63.1-12, the proceeds of the hotel tax, excluding such portion of the hotel tax collected from residential units offered for tourist or transient use through a hosting platform, shall be distributed as follows by the division of taxation and the city of Newport:

(1) For the tax generated by the hotels in the Aquidneck Island district, as defined in § 42-63.1-5, forty-two percent (42%) of the tax shall be given to the Aquidneck Island district, twenty-five (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-eight percent (28%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

(2) For the tax generated by the hotels in the Providence district as defined in § 42-63.1-5, twenty eight percent (28%) of the tax shall be given to the Providence district, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is physically located, twenty-three (23%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four (24%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

(3) For the tax generated by the hotels in the Warwick district as defined in § 42-63.1-5, twenty-eight percent (28%) of the tax shall be given to the Warwick District, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is physically located, twenty-three percent (23%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-four (24%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

(4) For the tax generated by the hotels in the Statewide district, as defined in § 42-63.1-5, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and seventy percent (70%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

(5) With respect to the tax generated by hotels in districts other than those set forth in subdivisions (b)(1) through (b)(4), forty-two percent (42%) of the tax shall be given to the regional tourism district, as defined in § 42-63.1-5, wherein the hotel is located, twenty-five percent (25%) of the tax shall be given to the city or town where the hotel, which generated the tax, is physically located, five percent (5%) of the tax shall be given to the Greater Providence-Warwick Convention and Visitors Bureau established in § 42-63.1-11, and twenty-eight (28%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

c) The proceeds of the hotel tax collected from residential units offered for tourist or transient use through a hosting platform shall be distributed as follows by the division of taxation and the city of Newport: twenty-five percent (25%) of the tax shall be given to the city or town where the residential unit, which generated the tax, is physically located, and seventy-five percent (75%) of the tax shall be given to the Rhode Island commerce corporation established in chapter 64 of title 42.

(d) The Rhode Island commerce corporation shall be required in each fiscal year to spend on the promotion and marketing of Rhode Island as a destination for tourists or businesses an amount of money of no less than the total proceeds of the hotel tax it receives pursuant to this chapter for such fiscal year.

(e) Notwithstanding the foregoing provisions of this section, for returns and tax payments received on or after July 1, 2016 and on or before June 30, 2017, except as provided in § 42-63.1-12, the proceeds of the hotel tax, excluding such portion of the hotel tax collected from residential units offered for tourist or transient use through a hosting platform, shall be distributed in accordance with the distribution percentages established in § 42-63.1-3(a)(1) through § 42-63.1-3(a)(3) by the division of taxation and the city of Newport.

History of Section.

(P.L. 1996, ch. 177, § 2; P.L. 1998, ch. 368, § 1; P.L. 1998, ch. 422, § 1; P.L. 2000, ch. 55, art. 29, § 1; P.L. 2001, ch. 20, § 1; P.L. 2001, ch. 22, § 1; P.L. 2015, ch. 141, art. 11, § 2; P.L. 2016, ch. 142, art. 17, § 1.)

TITLE 42
State Affairs and Government

CHAPTER 42-63.1
Tourism and Development

SECTION 42-63.1-4

§ 42-63.1-4 Use of funds.

Subject to §§ 42-63.1-3(2), 42-63.1-3(3), and 42-63.1-12, an entity which receives funds pursuant to this chapter shall use the funds to promote and encourage tourism to coordinate tourism activities and to further economically develop the state by and through tourism activities, and to promote and develop conventions and related exhibition, meeting, banquet and other events customarily incident to tourism activities in facilities established pursuant to Chapter 99 of this title.

History of Section.
(P.L. 1996, ch. 177, § 2.)

TITLE 42

State Affairs and Government

CHAPTER 42-63.1

Tourism and Development

SECTION 42-63.1-5

§ 42-63.1-5 Regional tourism districts.

(a) The state of Rhode Island is divided into eight (8) regional tourism districts to be administered by the tourism council, convention and visitor's bureau or the Rhode Island commerce corporation established in chapter 42-64 as designated in this section:

- (1) South County district which shall include Westerly, Charlestown, Narragansett, South Kingstown, North Kingstown, Hopkinton, Exeter, Richmond, West Greenwich, East Greenwich, and Coventry to be administered by the South County tourism council, inc.;
 - (2) Providence district consists of the city of Providence to be administered by the Convention Authority of the City of Providence.
 - (3) Northern Rhode Island district consists of Pawtucket, Woonsocket, Lincoln, Central Falls, Cumberland, North Smithfield, Smithfield, Glocester and Burrillville to be administered by the Blackstone Valley tourism council, inc.;
 - (4) Aquidneck Island district consists of Barrington, Bristol, Warren, Newport, Jamestown, Middletown, Portsmouth, Tiverton and Little Compton to be administered by the Newport and Bristol County convention and visitors bureau;
 - (5) Warwick district consists of the city of Warwick to be administered by the city of Warwick department of economic development;
 - (6) Block Island district which shall consist of the town of New Shoreham to be administered by the New Shoreham tourism council, inc.;
 - (7) East Providence to be administered by an entity that shall be acceptable to the economic development corporation; provided that all funds generated in the city of East Providence shall be held by the Rhode Island division of taxation until such time as the city of East Providence elects to become a member of a regional tourism district at which time the monies held by the Rhode Island division of taxation shall be transferred to the tourism district or convention visitors' bureau selected by the city of East Providence;
 - (8) Statewide district consists of all cities and towns not delineated in subdivisions (1) through (7) to be administered by the Rhode Island commerce corporation established in chapter 42-64.
- b) Before receiving any funds under this chapter, the organizations designated to receive the funds on behalf of the South County regional tourism district and the Northern Rhode Island regional tourism district shall be required to apply to and receive approval from the Rhode Island commerce corporation pursuant to guidelines promulgated by the Rhode Island commerce corporation. The corporation shall review the eligibility of the regional tourism district organizations to receive the funds at least annually.

(c) On or before January 1, 2016 and every January 1 thereafter, all regional tourism districts created under these sections shall be required to seek and obtain the approval of the executive office of commerce regarding the incorporation of common statewide marketing themes, logos, and slogans, among other features, prior to the release of lodging tax funds to the districts.

History of Section.

(P.L. 1986, ch. 506, § 2; P.L. 1988, ch. 418, § 3; P.L. 1991, ch. 180, § 1; P.L. 1992, ch. 28, § 1; P.L. 1995, ch. 370, art. 12, § 6; P.L. 1995, ch. 371, § 1; P.L. 1998, ch. 430, § 1; P.L. 2000, ch. 55, art. 29, § 1; P.L. 2000, ch. 241, § 1; P.L. 2009, ch. 205, § 1; P.L. 2009, ch. 242, § 1; P.L. 2015, ch. 141, art. 11, § 2.)

TITLE 42

State Affairs and Government

CHAPTER 42-63.1

Tourism and Development

SECTION 42-63.1-14

§ 42-63.1-14 Offering residential units through a hosting platform.

For any residential unit offered for tourist or transient use on a hosting platform that collects and remits applicable sales and hotel taxes in compliance with § 44-18-7.3(b)(4)(i), § 44-18-18, and § 44-18-36.1, cities, towns or municipalities shall not prohibit the owner of such residential unit from offering the unit for tourist or transient use through such hosting platform, or prohibit such hosting platform from providing a person or entity the means to rent, pay for or otherwise reserve a residential unit for tourist or transient use. A hosting platform shall comply with the requirement imposed upon room resellers in § 44-18-7.3(b)(4)(i) and § 44-18-36.1 in order for the prohibition of this section to apply. The division of taxation shall at the request of a city, town, or municipality confirm whether a hosting platform is registered in compliance with § 44-18-7.3(b)(4)(i).

History of Section.

(P.L. 2015, ch. 141, art. 11, § 3.)

Rhode Island Division of Taxation

Sales Tax Regulations

STATE OF RHODE ISLAND - DIVISION OF TAXATION

SALES AND USE TAX

REGULATION SU 02-97

ROOM RENTALS --- BY HOTELS, ROOMING HOUSES, TOURIST CAMPS

(1) In General -- Except as noted, living quarters in hotels, motels, rooming houses and tourist camps are subject to tax. Where a hotel or motel rents a room designed as living quarters (i.e., a bedroom, suite, etc.) even though the room or suite is rented to a business for display or conference purposes, rental charges made for such accommodations will be subject to tax. See definitions in section (6) of this regulation.

The tax applies only to the first period of not exceeding 30 consecutive calendar days of each rental period. For example, where a tourist remains in the same hotel 35 consecutive days, the tax must be added to the amount charged for the first 30 consecutive days of occupancy, and charges for the remaining 5 days will not be taxable. A person whose occupancy is for 30 consecutive days or less (e.g. a day, a week, two weeks, etc.) must also pay the tax.

In the event that an occupant has a written lease covering a rental period of (12) months or more, the first 30 consecutive days of such occupancy are not taxed.

Every person managing or operating a hotel, motel, rooming house or tourist camp, or who collects or receives rents therefrom on behalf of the owner or operator is liable for the tax on such rentals. The tax shall be added to the rental charge, and when added such tax shall constitute a part of such charge.

Break in Occupancy-- Any break in occupancy results in the creation of a new and separate rental. For example, such a break occurs when a guest terminates his occupancy by checking out or by transferring from one hotel to another hotel even though such hotels are operated by the same owner. The tax will apply to charges for such new and separate rentals in the same manner and to the same extent as though such guest had just checked in for the first time, and the 30 day taxable period starts all over.

However, a mere change of rooms in the same hotel or motel, or in the same rooming house or in the same tourist camp does not constitute a break in occupancy.

Rentals Excluded -- Permanent-type Dwellings -- As previously pointed out, the tax applies to rental charges for living quarters in HOTELS, ROOMING HOUSES and TOURIST CAMPS as defined in this regulation.

It is therefore emphasized that the tax does not apply to rentals in those structures which consist exclusively of apartments, flats or tenements (furnished or unfurnished) constituting the usual places of abode of all the tenants therein. Usual places of abode means regular, fixed and permanent residences as distinguished from temporary stopping or abiding places. Except as otherwise noted, rental or leases of residential-type dwellings are likewise not subject to tax.

(2) Registration -- A person who operates a building or buildings in which the public may, for a consideration, obtain living quarters, including such establishments as inns, hotels, motels, apartment hotels, tourist camps, tourist houses or courts, lodging houses, rooming houses, summer camps, resort lodges and cabins, and other similar buildings or group of buildings in which living quarters as herein defined are available to the public for hire must register and collect the tax on the first period of not exceeding 30 consecutive calendar days or less of each rental period. (A person who only has one room or a single camp cottage or cabin to rent is not required to register or add and collect the rental tax.)

(3) Rental of Public Rooms -- Because the tax applies only to living quarters, the hotel or motel operator is not required to charge the tax on the rental of public rooms (i.e., assembly rooms, ballrooms, card rooms, etc.) for group meetings, display purposes, dances, or for similar events as long as the charges are separately stated. However, these charges may be subject to sales and use taxes as described below:

1. If a customer rents a room in conjunction with the serving of a meal (wedding, banquets, retirement dinner or similar events) and the meal is provided by the operator/owner of the room, the charge for the room, whether or not separately stated, is treated as an other charge for the furnishing, preparing or serving of the meal and is included in the sales price of the meal.
2. If a customer rents a room for purposes other than the serving of meals and there is an incidental serving of light refreshments by the operator/owner of the room for an additional charge, the sales tax applies only to the sales price of the refreshments, if the charge for the refreshments is separately stated on both the records of the vendor and the bill to the customer. If the charges are not separately stated, the entire amount charged is subject to the sales tax.
3. If more than one meeting room has been rented for use at the same function, with one room being used for the serving of meals and another room being used for the meeting; the facility's separately stated and reasonable charge (based on prevailing rates in the area) for the room not used for the serving of meals is not treated as charges for the meals, and is not subject to sales and use taxes. If the charge for the room being used for the meeting is neither separately stated nor reasonable, the facility's total charges are treated as charges for the meals, and are subject to sales and use taxes.

(4) Living Quarters Furnished Employees -- Tax will not be considered to apply in a case where living quarters are furnished by the employer to an employee, at premises controlled by the employer, and solely for the convenience of the employer; regardless of whether there is a payroll deduction, or pay deduction, based upon the furnishing of such quarters.

(5) Exemptions -- The following rentals are exempt from tax:

1. Rentals charged at camps or retreat houses operated by religious, charitable and educational organizations and institutions.
2. Rentals charged by privately owned and operated summer camps for children.

3. Rentals charged for living quarters in an institution licensed by the state for the hospitalization, custodial or nursing care of human beings.
4. Rentals charged by any non-profit educational institution for living quarters to accommodate any student or teacher necessitated by attendance at such institution.

However, where a non-profit organization rents living quarters in the same manner as a hotel or rooming house (e.g. YMCA) it is required to register and add and collect the rental tax.

Other Exemptions

1. Occupancy of rooms by the Government of the United States, or its agencies, or by an employee or representative of the Government of the United States or its agencies, when such occupancy is solely for official purposes and the rent is paid by the Government of the United States or its agencies, is exempt from tax.
2. Members of the Armed Forces are not exempt from tax upon occupancy of rooms unless acting as authorized representatives of the Government of the United States or one of its agencies and are otherwise entitled to exemption under the provisions of the preceding paragraph.
3. Occupancy by employees or representatives of the State of Rhode Island, its instrumentalities or political subdivisions, is exempt from the tax when such occupancy is for official purposes and the rent is paid by the state, its agencies or political subdivisions.

Whenever exemption from the tax on room rental charges is claimed by any employee, representative or other official of the United States government, or of the State of Rhode Island or of any of its cities or towns or other political subdivisions, because such person is on official business, such exemption will apply only if the following two conditions are met:

1. The bill is made out to the governmental agency involved, and
2. Payment is made by such agency.

In case the official pays the bill (even though the bill be made out to the governmental agency by whom he or she is employed or which he or she represents) the tax applies. In such case it is immaterial that such official is reimbursed or that the economic burden of the tax is passed on to the governmental agency.

Records of Exempt Rentals - The operator must maintain records to support and identify all exempt rentals.

(6) Definitions -- Living quarters means sleeping rooms, sleeping or housekeeping accommodations, or any other room or accommodation in any part of the hotel, rooming house or tourist camp which is available for or rented out for hire in the lodging of guests.

Hotel means every building or other structure kept, used, maintained, advertised as or held out to the public to be a place where living quarters are supplied for pay to transient or permanent guests and tenants and includes a motel and an apartment hotel.

Apartment hotel means a building which consists of certain apartments or rooms for temporary occupancy by the day, week, or other short periods of time and also for permanent occupancy on a monthly, or other long term basis. The tax applies to the first period of not exceeding 30 consecutive calendar days on ALL rentals charged in such apartment hotels whether the rentals are for such temporary or such permanent accommodations unless as previously noted the occupant has a written lease covering a rental period of twelve months or more.

Rooming house means every house, boat, vehicle, motor court or other structure kept, used, maintained, advertised or held out to the public to be a place where living quarters are supplied for pay to transient or permanent guests or tenants, whether in one or adjoining buildings.

Tourist camp means a place where tents or tent houses, or camp cottages, or cabins or other structures are located and offered to the public or any segment thereof for human habitation.

A person who has more than one camp cottage, cabin or camp for rent will be considered to be in the business of operating a tourist camp and must register, collect and remit the tax on the first period of not exceeding 30 consecutive calendar days of each rental period. Where the letting is for a lump sum covering a period of more than 30 days, the tax will be based on that proportion of such total amount of rental thus payable as 30 days bears to the total number of days in the entire rental period.

CROSS REFERENCE: Section 44-18-36.1 R.I.G.L. as amended re "Hotel Tax"

R. GARY CLARK
TAX ADMINISTRATOR

EFFECTIVE: MARCH 1, 2002

THIS REGULATION AMENDS AND SUPERCEDES REGULATION SU 87-97 PROMULGATED MAY 1, 1987.
CROSS REFERENCE: SU 02-59 "Meals"

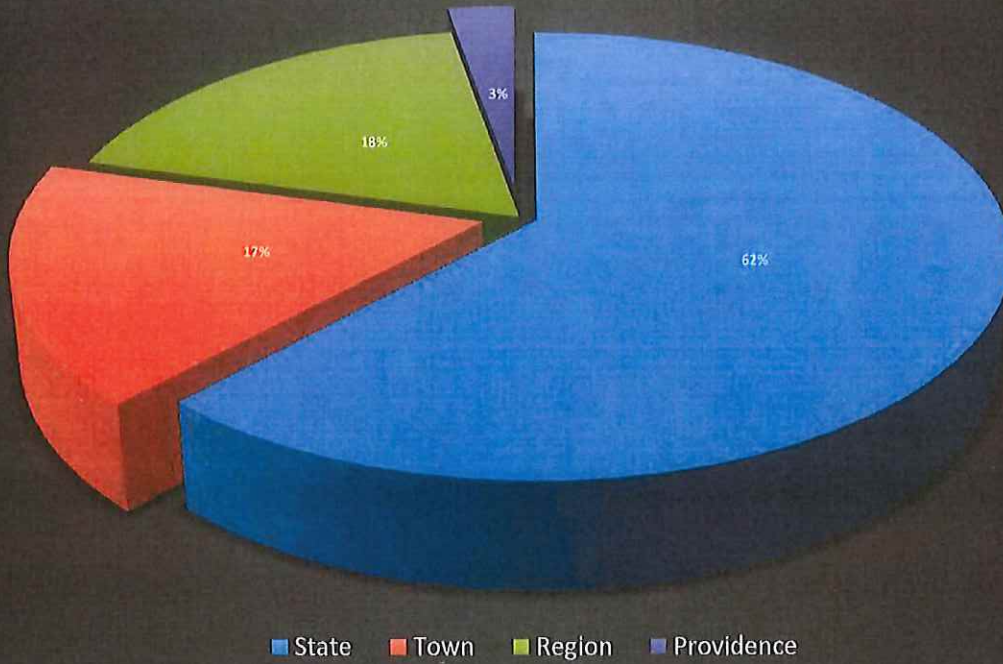
RI Hotel Tax Allocation History

	1986	1995	1996	1998	2016	2017
Region	50%	47%	47%	47%	47%	42%
City/Town	25%	20%	20%	25%	25%	25%
Rodger Williams Fund	15%	-	-	-	-	-
Genral Revenue	-	33%	33%	21%	-	-
RI Commerce	-	-	-	-	21%	28%
RIEDC	15%	-	-	-	-	-
Providence CVB	-	-	-	7%	7%	5%

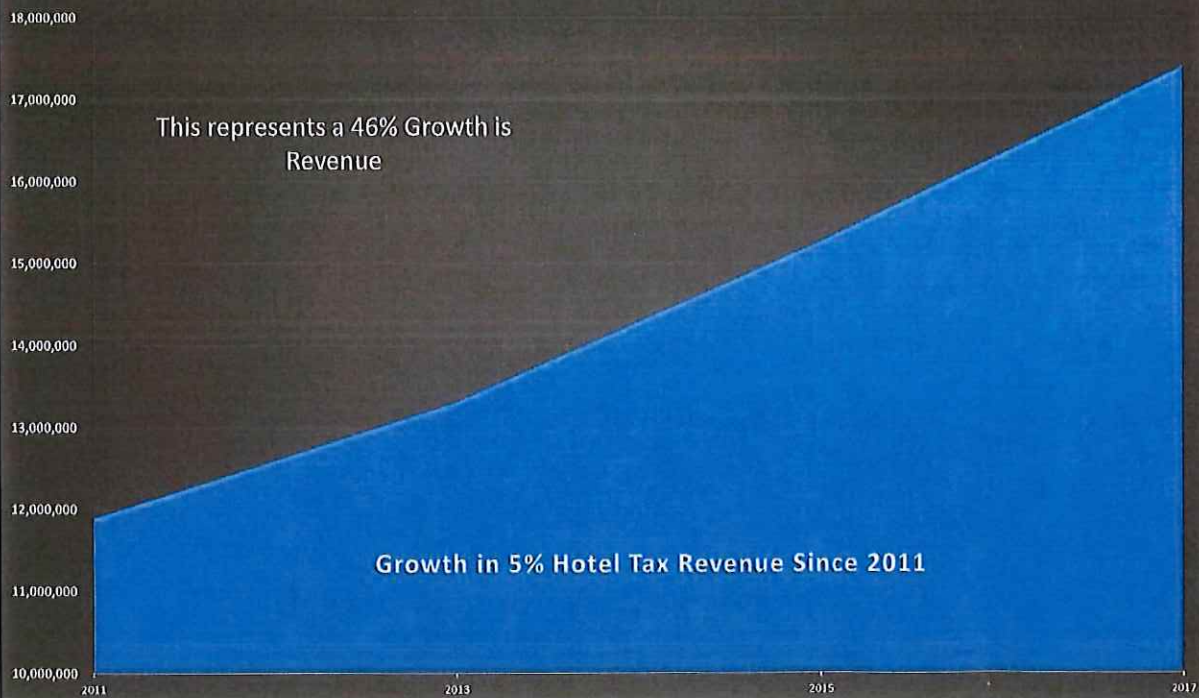
SECTION TWO:

1. Allocation and Growth of Hotel Tax
2. Total Hotel Tax Allocation for Fiscal Year 2017
3. Tax support for Municipalities
4. Tax Collected in the South County Region
5. Providence/Warwick Convention Visitors Bureau Hotel Tax History
6. Estimated effect of new allocation rates

For Each Dollar spent by a Tourist on Lodging the Tax Allocation is:



1 Dollar of Lodging spending produces and additional 13 cents in taxes. 7 Cents to Sales Tax, 5 Cents to Hotel Tax, and One Cent to the Municipality in which the Lodging is located.



State Wide Allocation of Hotel Taxes for FY' 17

	Hotel Tax Allocation YTD FY '17
Cities and Towns:	
<hr/>	
Municipalities (excluding Prov. And Warwick)	5,809,691
City of Providence	2,044,173
City of Warwick	1,189,270
Regions:	
<hr/>	
Warwick Dept. of Economic Development	794,546
Prov&Warwick CVB	2,443,711
Aquidneck Island	3,302,996
South County	1,269,871
Northern RI (Blackstone Valley)	324,315
Block Island	349,324
East Providence	43,033
Others:	
<hr/>	
Convention Authority of Providence	1,520,004
Rhode Island Commerce Corporation	6,597,787
 TOTAL	 25,688,721

Source: Dept. of Revenue Hotel Tax Reports July 2016 to June 2017

Note: Hotel tax consists of a 5% and a 1% local component

Total Hotel Tax Collected by Town

	FY '16			FY '15			FY '14		
	1% Hotel	25% Hotel	2016 YTD	1% Hotel	25% Hotel	Total FY '15	1% Hotel	25% Hotel	Total FY '15
Charlestown	17,619	11,748	29,367	8,228	10,285	18,513	8,825	11,031	19,856
Covenry	44,161	55,156	99,317	40,343	50,428	90,771	34,086	42,608	76,694
East Greenwich	384	480	864	249	311	560	370	463	833
Exeter	7	9	16	-	-	-	-	-	-
Hopkinton	347	199	546	-	-	-	-	-	-
Narragansett	68,467	65,167	133,634	36,258	45,322	81,580	34,462	43,077	77,539
North Kingstown	36,972	182,718	219,690	36,732	45,915	82,647	32,951	41,189	74,140
Richmond	1,833	2,291	4,124	1,735	2,187	3,922	1,462	1,828	3,290
South Kingstown	78,293	90,373	168,666	62,422	78,028	140,450	58,652	73,315	131,967
Westerly	269,593	318,449	588,042	218,992	273,740	492,732	188,057	235,071	423,128
West Greenwich	47,165	58,894	106,059	41,057	51,322	92,379	40,274	50,342	90,616
	564,841	785,484	1,350,325	446,016	557,536	1,003,552	399,139	498,923	898,062

Total Taken in By the Towns

	Three Years
Charlestown	67,736
Covenry	266,782
East Greenwich	2,256
Exeter	16
Hopkinton	546
Narragansett	292,753
North Kingstown	376,477
Richmond	11,335
South Kingstown	441,082
Westerly	1,503,902
West Greenwich	289,053
	3,251,939

Charlestown FY' 15 Example

Gross Sales	822,800
6% Hotel Tax	49,368
1% of Gross	8,228
25% of 5%	10,285

Total 1% Tax Collected	4,057,883
Towns Share of 5%	4,555,516
	8,613,399
Total 5% Hotel Tax Collected	19,369,329
Total 1% Tax Collected	4,057,883
	23,427,212

How it Works

The Hotel Tax has two components a 5% tax and 1% tax

The 5% is divided between the agencies like SCTC(42%)

Commerce(28%), Providence Tourism(5%) and the Town(25%).

The additional 1% tax is 100% distributed to the town in which the hotel or Room Reseller operates

Total Towns Share of

Tourism Taxes Collected **37%**

Source: Rhode Island Department of Revenue
<http://www.dor.ri.gov/revenue-analysis/2016.php>

Source: Rhode Island Department of Revenue
<http://www.dor.ri.gov/revenue-analysis/2016.php>

Source: Rhode Island General Laws §§ 42-63-1-12, §§ 44-18-36

Additionally the Towns receive an extra 1% tax on Vacation Homes

Tax on short-term rentals: Entire house

Starting July 1, 2015, if you rent out an entire house, an entire cottage, an entire condo, an entire apartment, or other such accommodation, you must collect and remit certain taxes to the Rhode Island Division of Taxation - depending on the rental period.

Rental period:	Tax obligation:
30 days or less	Collect and remit 7% sales tax and 1% hotel tax
More than 30 days	Collect no sales tax, no hotel tax (including 6% and 2.5%)

Note: This table is solely for the rental of a house, cottage, or other such accommodation in its entirety. To see how the tax rules apply to the short-term rental of a room, please see page 4.

Source: Rhode Island Division of Taxation

**2016-17 Taxable Sales
By Municipality For
South County**

	Total 5% Hotel Tax	Total 1% Local Tax	Total 7% Sales Tax	Total Tax Collected	Total Gross Sales
Charlestown	37,814	7,563	52,939	98,316	756,273
Coventry	200,938	40,188	281,313	522,439	4,018,759
East Greenwich	1,219	244	1,706	3,169	24,377
Exeter	-	-	-	-	-
Hopkinton	21,479	4,296	30,071	55,846	429,588
Narragansett	262,130	52,426	366,982	681,538	5,242,600
North Kingstown	235,538	47,108	329,753	612,398	4,710,753
Richmond	8,579	1,716	12,011	22,305	171,580
South Kingstown	315,183	63,037	441,257	819,477	6,303,666
Westerly	1,335,579	267,116	1,869,811	3,472,506	26,711,585
West Greenwich	240,345	48,069	336,484	624,898	4,806,908
	<u>2,658,804</u>	<u>531,761</u>	<u>3,190,565</u>	<u>6,381,131</u>	<u>53,176,089</u>

PWCVB 2013 to 2017

Hotel Tax Revenue

	PWCVB Share	Fiscal Year ending June 30,					Total
		2017	2016	2015	2014	2013	
Providence Hotels	23%	909,073	876,686	793,290	725,973	680,708	
Omni Hotel	12%	131,796	137,672	127,206	116,589	114,169	
Warwick Hotels	23%	605,946	602,346	545,381	497,878	478,475	Total
		1,646,815	1,616,704	1,465,877	1,340,440	1,273,352	7,343,188
Regions:							Total
Newport	7%	491,936	484,661	428,428	396,304	376,981	2,178,310
South County	7%	189,130	177,073	156,105	139,696	127,650	789,654
Other(a)	7%	115,830	98,469	128,611	121,848	112,635	577,393
		796,896	760,203	713,144	657,848	617,266	
Totals		2,443,711	2,376,907	2,179,021	1,998,288	1,890,618	

(a) Blackstone Valley, Block Island, East Providence and Statewide

(b) Beginning in FY18 Regions contribution will decline to 5%

Source: Derived from DOR Monthly Hotel Tax Reports

**Rhode Island Commerce
Estimated Share
of Hotel Tax Revenue**

	Hotel Gross Revenue Through June '17	Future Estimated Allocation of Hotel Tax Allocation			
		Region 42%	Commerce 28%	Town 25%	Providence 5%
Block Island	16,634,476	349,324	232,883	207,931	41,586
Newport	157,285,524	3,302,996	2,201,997	1,966,069	393,214
Northern RI	15,443,571	324,315	216,210	193,045	38,609
East Providence	2,049,190	43,033	28,689	25,615	5,123
Statewide	8,311,857	174,549	116,366	103,898	20,780
South County	60,470,048	1,269,871	846,581	755,876	151,175
Providence	153,706,783	-	2,123,989	1,921,335	1,040,869
Warwick	57,746,786	808,455	566,084	660,162	605,946
	471,648,235	5,923,219	6,099,916	5,625,999	2,255,715

Source: DOR June 2017 Hotel Tax Report

Note: Assumes no change in tourist spending, Providence and Warwick have special allocations

Hotel Tax:	
Regions	6,099,916
ESTIMATED TOTAL TAX ALLOCATED TO COMMERCE	6,099,916

Source: Derived from reports from Rhode Island Department of Revenue