

April 2, 2026

The Honorable Joseph Solomon
Chair, House Corporations Committee
82 Smith Street
Providence, RI 02903

Dear Chairman Solomon and Members of the Committee,

On behalf of the RI Hospitality Association, I write to respectfully oppose H 8264, which would require businesses to hold all gift certificate revenue in a separate account until the certificate is redeemed.


This proposal would have severe and unintended consequences for Rhode Island's restaurant and hotel industry, particularly for small, independent operators who rely on gift card sales as a critical source of working capital during the most challenging times of the year.

Restaurants and hotels operate on thin margins and highly seasonal cash flow. In Rhode Island, the winter months and post-holiday period are especially difficult. Gift card sales, particularly during the holiday season, provide a vital financial bridge that allows these businesses to cover fixed costs such as rent or mortgages, utilities, vendor payments, and, most importantly, payroll during slower periods. These funds are not excess revenue; they are essential to keeping doors open and employees working.

Requiring businesses to segregate gift card revenue and prohibit its use until redemption would effectively eliminate this lifeline. For many operators, that would mean being unable to meet payroll, cutting staff hours, delaying vendor payments, scaling back services, or even closing their doors during off-peak months. In an industry that employs tens of thousands of Rhode Islanders, this policy would directly threaten jobs and economic stability.

It is also important to note the practical realities of how gift cards function in both restaurants and hotels. Gift cards are part of a continuous cycle of revenue and service, with redemptions occurring over time, not all at once. Businesses rely on this predictability to manage cash flow. Imposing a rigid requirement to hold all funds in a separate account ignores this model and creates an administrative and financial burden that is simply unworkable for most operators.

Additionally, this requirement would disproportionately impact small businesses that lack the financial reserves or access to capital needed to operate under such constraints. Larger corporations may be able to absorb or work around these requirements, but independent restaurants and hotels—the backbone of Rhode Island's hospitality industry—would be placed at a significant disadvantage.

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Last year was one of the toughest on record for our industry. Operators faced rising food and supply costs, increasing insurance and utility expenses, and continued pressure on consumer spending. This legislation would compound those challenges at a time when many businesses are already operating on the edge.


For these reasons, we respectfully urge the Committee to oppose H 8264. Preserving the ability for restaurants and hotels to responsibly manage gift card revenue is essential to maintaining jobs, supporting small businesses, and sustaining Rhode Island's hospitality sector.


Thank you for your consideration.

Sincerely,

Ryan Moot
Manager of Government Affairs
Rhode Island Hospitality Association

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