



March 31, 2026

The Honorable Stephen “Steve” Casey  
Chair  
House Committee on Municipal  
Government and Housing  
82 Smith Street  
Providence, RI 02903

The Honorable Kathleen “Kathy” Fogarty  
Vice Chair  
House Committee on Municipal  
Government and Housing  
82 Smith Street  
Providence, RI 02903

**RE: Oppose HB 7657 - "An Act Relating To State Affairs And Government -- Tourism And Development (Distinguishes Residential And Commercial Short-Term Rental Properties For Tax Purposes.)"**

Dear Chair Casey, Vice Chair Fogarty, and members of the Committee:

On behalf of Chamber of Progress – a tech industry association supporting public policies to build a more inclusive society in which all people benefit from technological advancements – **I respectfully urge you to oppose HB 7657.**

While framed as a classification change, HB 7657 would create a new short-term rental (STR)-specific property-tax treatment that risks raising costs for Rhode Island homeowners and reducing lodging options for families and visitors. The bill does this by tying property-tax classification to whether a STR is the owner’s “primary residence” and then classifying non-primary-residence short-term rentals as commercial property.

**HB 7657 risks higher taxes for Rhode Island homeowners by treating many occasional short-term rentals as commercial property based on a narrow residency standard**

The bill defines “primary residence” as the residential property where the owner lives for seven or more months of the year and is registered to vote. For Rhode Islanders who have a clear main home but also maintain a second home that their family uses and occasionally lists as a short-term rental, that second home would be treated as a non-primary residence STR and could be reclassified as commercial property for tax purposes. That change can translate into a significant and ongoing tax increase for ordinary Rhode Island families.

Using voter registration as a trigger for tax classification is also concerning. **Many Rhode Islanders have legitimate reasons their voter registration may not line up neatly**

**with where they spend most of the year, including students, military families, caregivers, and people in temporary housing transitions.** This approach increases the likelihood of erroneous classifications, administrative disputes, and confusion for property owners.

More broadly, this targeted tax shift could substantially increase costs for people who rent seasonally, rent a second unit, or rely on STR income to help cover mortgage payments, repairs, and rising costs. When taxes rise on STR properties, costs are often passed on through higher nightly rates, or supply exits the market entirely, limiting options for visitors.

### **Short-term rentals help Rhode Island families make ends meet by letting homeowners and renters supplement their income as everyday costs rise**

Rhode Island lawmakers should be making it easier – not harder – for homeowners to participate in this growing state economy. Many Rhode Islanders rely on short-term rentals to supplement their income, yet HB 7657 adds unnecessary costs that hurt individual hosts.

Most hosts do not fall into the category of traditional property investors or conglomerates. Instead, they are individuals residing in their primary homes, seeking to diversify their income streams to meet financial needs in the face of inflation and Rhode Island's rising cost of living. By making space in their residences available, homeowners can augment their earnings to cope with escalating mortgage payments. Rhode Island also has one of the highest property tax burdens in the nation.<sup>1</sup> For families facing both escalating mortgage payments and substantial property tax bills, STR income helps them stay in their homes.

### **Short-term rentals support local economies and boost tourism**

Guests who choose short-term rentals boost local economies not just through host earnings, but by spending at nearby shops and restaurants: 92% of hosts share local dining recommendations,<sup>2</sup> nearly half of guest spending happens in the rental's neighborhood,<sup>3</sup> and in 2024 the typical U.S. guest spent over \$775 per trip on restaurants, entertainment, shopping, and other local services.<sup>4</sup> STRs help visitors experience more neighborhoods and support more small businesses than traditional lodging concentrated in tourist areas.

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<sup>1</sup> Tax Foundation. "Rhode Island Tax Rates & Rankings." *Tax Foundation*, n.d. <https://taxfoundation.org/location/rhode-island/>

<sup>2</sup> Airbnb. "Airbnb Estimated Direct Economic Impact in the U.S. Nears \$34 Billion." *Airbnb Newsroom*, Jul. 22, 2019. <https://news.airbnb.com/airbnb-estimated-direct-economic-impact-in-the-u-s-nears-34-billion/>

<sup>3</sup> Airbnb. "Guest Spending Boosts U.S. Economy by a Record \$90 Billion in 2024." *Airbnb Newsroom*, May 29, 2025. <https://news.airbnb.com/economic-impact-2024-us/>

<sup>4</sup> *Ibid.*

STR operators contribute significantly to Rhode Island's economy, generating an estimated \$239.6 million in GDP and STR activity supports nearly 3,000 jobs and provides \$65.2 million in total tax revenue for the state.<sup>5</sup>

We respectfully urge the Committee to **oppose HB 7657**. This bill risks increasing costs for Rhode Islanders and limiting consumer lodging options without demonstrating that it is an effective or equitable solution for addressing challenges in housing or tourism. We thank the Committee for considering these concerns.

Sincerely,

A handwritten signature in cursive script that reads "Hope Ledford".

Hope Ledford  
Director of Civic Innovation Policy

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<sup>5</sup> *Ibid.*