



# OFFICE OF MANAGEMENT & BUDGET

## State Budget Office

One Capitol Hill  
Providence, RI 02908-5890

Office: (401) 222-6300  
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State Fiscal Note for Bill Number:

2024-H 7688

*Date of State Budget Office Approval:* Wednesday, April 3, 2024

*Date Requested:* Thursday, February 15, 2024

*Date Due:* Monday, March 25, 2024

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2024	\$0	FY 2024	\$0
FY 2025	\$0	FY 2025	\$0
FY 2026	\$0	FY 2026	\$0
*		**	

*Explanation by State Budget Office:*

This bill would amend Rhode Island General Laws (R.I. Gen. Laws) § 42-63.1-3 entitled “Tourism and Development – Distribution of tax” by adding to subsection (g) that for state hotel tax returns and payments received on or after July 1, 2024 generated in the South County tourism district, 50% of the revenues will be given to the South County tourism district, 25% will be given to the municipality where the hotel or residential unit is located, and 25% will be given to CommerceRI.

Under current law, the allocation of state hotel revenues in the South County tourism district is as follows: 45% to the tourism district, 25% to the municipality, 25% to CommerceRI, and 5% to the Providence Warwick Convention & Visitors Bureau (PWCVB).

*Summary of Facts and Assumptions:*

The bill takes effect on passage, but the provisions of the bill are for returns and payments received after July 1, 2024.

The Department of Revenue, Office of Revenue Analysis (ORA) provides the Department of Revenue, Division of Municipal Finance (DMF) with a forecast of local 1% hotel tax revenues for inclusion in the Governor’s budget. Total local 1% hotel tax revenues from lodging rentals located in the South County tourism district are forecasted to be \$941,046 for FY 2025 and \$964,844 for FY 2026. Scaled to the state 5% hotel tax, the figures are \$4,705,230 for FY 2025 and \$4,824,221 for FY 2026. Under current law, the FY 2025 distribution of these revenues would be \$2,117,354 to the tourism district, \$1,176,308 each to the municipalities and CommerceRI, and \$235,262 to PWCVB. The comparable FY 2026 figures are \$2,170,900 to the tourism district, \$1,206,055 each to the municipalities and CommerceRI, and \$241,211 to PWCVB. Under this bill, the amounts forecasted for PWCVB of \$235,262 for FY 2025 and the \$241,211 for FY 2026 will go to the tourism district instead of PWCVB. Thus, the South County tourism district is estimated to receive \$2,352,615 for FY 2025 and \$2,412,111 for FY 2026 with passage of this bill.

*Comments on Sources of Funds:*

All state hotel taxes are pass-through revenues.



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Summary of Fiscal Impact:

FY 2024: Not applicable given the effective date of the bill.

FY 2025: A pass-through revenue gain of \$235,262 to the South County tourism district and a revenue loss of \$235,262 to PWCVB are forecast.

FY 2026: A pass-through revenue gain of \$241,211 to the South County tourism district and a revenue loss of \$241,211 to PWCVB are forecast.

Budget Office Signature: \_\_\_\_\_

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Fiscal Advisor Signature: \_\_\_\_\_