



April 23, 2024

House Committee on Finance
RI House of Representatives
State House
Providence, RI 02903

Re: House Bill 8057

Dear Committee Members:

On behalf of the American Hotel & Lodging Association, I write in strong support of the above referenced legislation, which seeks to create tax parity for short-term rentals.

AHLA is a national association representing all segments of the U.S. lodging industry, including hotel owners, real estate investment trusts, chains, franchisees, management companies, independent properties, bed & breakfasts, state hotel associations, and industry suppliers. The industry is comprised of more than 62,000 properties, 33,000 of which are small businesses, and more than 5.6 million hotel rooms across the country. The American lodging industry services more than 1.4 billion rooms per year, supports more than 7 million jobs, and generates more than \$52 billion in state and local tax revenue.¹

Short-term rentals operate as commercial lodging establishments, while circumventing almost all of the rules, regulations, taxes and ordinances that govern traditional lodging establishments. While hotels are built in areas specifically designed to accommodate the influx of visitors, short-term rentals are – by their very nature – right in the heart of a neighborhood.

Currently, short-term rentals avoid most of the tax obligations of traditional lodging establishments, with the vast majority of short-term rentals avoiding the 5% hotel tax. Under current law, if a short-term rental is rented out in its entirety, it is only subject to the 7% sales tax and the 1% local hotel tax.

The 5% State hotel tax is not only used to fund Rhode Island's tourism promotion, but also provide much needed funding to municipalities to offset the cost of tourism in a community. Under the current structure, the majority of short-term rentals are benefitting from the tourism promotion efforts of our state and regional tourism offices without paying into the system itself.

Commercial lodging establishments, whether it is a traditional hotel, or a short-term rental should be subjected to the same regulatory and taxation requirements as traditional hotels.

Thank you for your consideration of this important legislation. If you have any questions, please do not hesitate to contact me at sbratko@ahla.com or 508-783-2094.

Sincerely,

Sarah R. Bratko, Esq.
American Hotel & Lodging Association

¹ For more information about AHLA and its members, please visit <https://www.ahla.com>.