

March 12, 2024

The Hon. Stephen Casey

Chairman, House Municipal Government and Housing

State House

Providence, RI 02903

Dear Chair Casey:

On behalf of the Rhode Island Short Term Rental Association, I write to express concern with H-7652.

While we understand the intent of the legislation filed on behalf of the City of Providence, we are concerned that one of the unintended consequences would be a new classification that would apply commercial tax rates to short term rentals.

To better understand our opposition to this narrow section of the proposed legislation, it may be helpful to tell you a bit more about our members, who we are as an Association, and just as important, who we are not.

RISTRA proudly represents hundreds of Rhode Island short term rental owners, 80 percent of whom own 1-2 properties and are seeking some secondary income for a host of reasons. Some of our owners are seniors and veterans, facing rising costs of home ownership and looking for ways to remain in their home, to stay close to children and grandchildren, and to sustain the way of life they have known for decades. Some are middle class residents hoping to supplement their income to pay for big expenses such as college tuition and weddings. Others are single parents, seeking to provide income generating opportunities for their children. Still others are young couples grappling with rising housing costs – with Rhode Island among the highest in the nation - inflation and high taxes, who seek the means through secondary income to settle in a community.

In short, we are your neighbors, relatives, and friends. We love this state and all that it has to offer, and we believe we play a vital role in promoting tourism for this great state. We are an important part of the fabric of the communities in which we are located. We are not out-of-state developers owning multiple housing units.

Instead, many of us choose to rent homes – or rooms - that have been in our families for decades. The common bond that connects us is this: We love Rhode Island and all this wonderful state has to offer. Like so many Rhode Islanders, we struggle to make ends meet, to afford our homes and living expenses; so, we simply seek to preserve and sustain a means to supplement our income in a responsible way.

Said simply, as written this legislation will place an unnecessary financial burden on homeowners, and their guests, many of whom are Rhode Island residents. For that reason, our membership stands united in our request that this classification language on STRs be omitted from the bill.

Right now, short term rental guests pay a 1 percent local tax when renting an entire house plus the 7 percent sales tax. Commercial classification would unnecessarily increase the burden on your fellow property owners. It might be tempting to portray the tax as a pass through to out of state residents, but in many instances, you would be taxing your own fellow Rhode Islanders. Many STR guests are fellow Rhode Islanders who have saved for a week at the beach. Or worse, professionals temporarily staying in Rhode Island to fill a critical employment need such as nursing and education.

Please also keep in mind that increased fees simply make it more difficult for homeowners to rent their properties. Those out-of-state guests may simply decide to visit another state if taxes in Rhode Island are too onerous. That translates into less money spent at our tourist attractions, restaurants, and bars. The ripple effects on the tourism economy would be painful.

Thank you for considering our position and subsequent concerns with H-7652. I am available to provide any additional information to aid in your consideration of this legislation.

Sincerely,

Greer Gagnier, Executive Director

RISTRA