

2017 -- S 0312

LC000634

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - TOURISM AND  
DEVELOPMENT

Introduced By: Senators Lombardi, Gallo, Archambault, Lombardo, and Conley

Date Introduced: February 16, 2017

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-63.1-2 of the General Laws in Chapter 42-63.1 entitled  
2 "Tourism and Development" is hereby amended to read as follows:

3 **42-63.1-2. Definitions.**

4 For the purposes of this chapter:

5 (1) "Consideration" means the monetary charge for the use of space devoted to transient  
6 lodging accommodations.

7 (2) "Corporation" means the Rhode Island commerce corporation.

8 (3) "District" means the regional tourism districts set forth in § 42-63.1-5.

9 (4) "Hotel" means any facility offering a minimum of one (1) room for which the public  
10 may, for a consideration, obtain transient lodging accommodations. The term "hotel" shall  
11 include hotels, motels, tourist homes, tourist camps, lodging houses, and inns. ~~The term "hotel"~~  
12 ~~shall also include houses, condominiums or other residential dwelling units, regardless of the~~  
13 ~~number of rooms, which are used and/or advertised for rent for occupancy.~~ The term "hotel" shall  
14 not include schools, hospitals, sanitariums, nursing homes, and chronic care centers.

15 (5) "Hosting platform" means any electronic or operating system in which a person or  
16 entity provides a means through which an owner may offer a residential unit for "tourist or  
17 transient" use. This service is usually, though not necessarily, provided through an online or web-  
18 based system which generally allows an owner to advertise the residential unit through a hosted

1 website and provides a means for a person or entity to arrange tourist or transient use in exchange  
2 for payment, whether the person or entity pays rent directly to the owner or to the hosting  
3 platform. All hosting platforms are required to collect and remit the tax owed under this section.

4 (6) "Occupancy" means a person, firm or corporation's use of space for transient lodging  
5 accommodations not to exceed thirty (30) days. Excluded from "occupancy" is the use of space  
6 for which the occupant has a written lease for the space, which lease covers a rental period of  
7 twelve (12) months or more. Furthermore, any house, condominium or other residential dwelling  
8 rented, for which the occupant has a documented arrangement for the space covering a rental  
9 period of more than thirty (30) consecutive days or for one calendar month is excluded from the  
10 definition of occupancy.

11 (7) "Tax" means the hotel tax imposed by subsection 44-18-36.1(a).

12 (8) "Owner" means any person who owns real property and is the owner of record.  
13 Owner shall also include a lessee where the lessee is offering a residential unit for "tourist or  
14 transient" use.

15 (9) "Residential unit" means a room or rooms, including a condominium or a room or a  
16 dwelling unit that forms part of a single, joint or shared tenant arrangement, in any building, or  
17 portion thereof, which is designed, built, rented, leased, let, or hired out to be occupied for non-  
18 commercial use.

19 (10) "Tour operator" means a person that derives a majority of his or her or its revenue by  
20 providing tour operator packages.

21 (11) "Tour operator packages" means travel packages that include the services of a tour  
22 guide and where the itinerary encompasses five (5) or more consecutive days.

23 (12) "Tourist or transient" means any use of a residential unit for occupancy for less than  
24 a thirty (30) consecutive day term of tenancy, or occupancy for less than thirty (30) consecutive  
25 days of a residential unit leased or owned by a business entity, whether on a short-term or long-  
26 terms basis, including any occupancy by employee or guests of a business entity for less than  
27 thirty (30) consecutive days where payment for the residential unit is contracted for or paid by the  
28 business entity.

29 SECTION 2. Section 44-18-36.1 of the General Laws in Chapter 44-18 entitled "Sales  
30 and Use Taxes - Liability and Computation" is hereby amended to read as follows:

31 **44-18-36.1. Hotel tax.**

32 (a) There is imposed a hotel tax of five percent (5%) upon the total consideration charged  
33 for occupancy of any space furnished by any hotel, travel packages, or room reseller or reseller as  
34 defined in § 44-18-7.3(b) in this state. ~~A house, condominium, or other resident dwelling shall be~~

1 ~~exempt from the five percent (5%) hotel tax under this subsection if the house, condominium, or~~  
2 ~~other resident dwelling is rented in its entirety.~~ The hotel tax is in addition to any sales tax  
3 imposed. This hotel tax is administered and collected by the division of taxation and unless  
4 provided to the contrary in this chapter, all the administration, collection, and other provisions of  
5 chapters 18 and 19 of this title apply. Nothing in this chapter shall be construed to limit the  
6 powers of the convention authority of the city of Providence established pursuant to the  
7 provisions of chapter 84 of the public laws of 1980, except that distribution of hotel tax receipts  
8 shall be made pursuant to chapter 63.1 of title 42 rather than chapter 84 of the public laws of  
9 1980.

10 (b) There is hereby levied and imposed, upon the total consideration charged for  
11 occupancy of any space furnished by any hotel in this state, in addition to all other taxes and fees  
12 now imposed by law, a local hotel tax at a rate of one percent (1%). The local hotel tax shall be  
13 administered and collected in accordance with subsection (a).

14 (c) All sums received by the division of taxation from the local hotel tax, penalties or  
15 forfeitures, interest, costs of suit and fines shall be distributed at least quarterly, credited and paid  
16 by the state treasurer to the city or town where the space for occupancy that is furnished by the  
17 hotel is located. Unless provided to the contrary in this chapter, all of the administration,  
18 collection, and other provisions of chapters 18 and 19 of this title shall apply.

19 (d) Notwithstanding the provisions of subsection (a) of this section, the city of Newport  
20 shall have the authority to collect from hotels located in the city of Newport the tax imposed by  
21 subsection (a) of this section.

22 (1) Within ten (10) days of collection of the tax, the city of Newport shall distribute the  
23 tax as provided in § 42-63.1-3. No later than the first day of March and the first day of September  
24 in each year in which the tax is collected, the city of Newport shall submit to the division of  
25 taxation a report of the tax collected and distributed during the six (6) month period ending thirty  
26 (30) days prior to the reporting date.

27 (2) The city of Newport shall have the same authority as the division of taxation to  
28 recover delinquent hotel taxes pursuant to chapter 44-19, and the amount of any hotel tax, penalty  
29 and interest imposed by the city of Newport until collected constitutes a lien on the real property  
30 of the taxpayer.

31 In recognition of the work being performed by the Streamlined Sales and Use Tax  
32 Governing Board, upon any federal law which requires remote sellers to collect and remit taxes,  
33 effective the first (1st) day of the first (1st) state fiscal quarter following the change, the rate  
34 imposed under § 44-18-36.1(b) shall be one and one-half percent (1.5%).

1 SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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- 1           This act would provide that houses, condominiums, or other residential dwelling units,  
2 regardless of the number of rooms, which are used and/or advertised for rent for occupancy  
3 would be exempt from the state sales or hotel tax.  
4           This act would take effect upon passage.

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