

# A 2% rooms tax would help Providence to sell itself

**Chester Smolski**

They've done it again! There it was as a feature story on page A14 of the April 7 issue, with pictures of the Arcade, Benefit Street and the mayor of the city included. *The New York Times* once more has singled out Providence, Rhode Island as a city on the move, one which is reclaiming its historical heritage and one which has a "resurgent city center."

Interviews with several city residents revealed a somewhat love-hate view of the city, with comments ranging from "it's becoming a dynamic, vital and exciting place to be" to "it's a dump."

Yet the overall mood of those interviewed is very positive about the city, and as one respondent would say, "I love something about it."

More and more, the media are starting to take notice of the renaissance taking place in our capital city, a rebirth even noticed by its worst critics — Rhode Islanders! For too long, "poor, shabby Providence" was in a state of decline but now the tide has changed, and Providence is acquiring a national recognition as a city that is "starting to bloom."

This type of national coverage makes our capital city more appealing to tour-

ists, thus it becomes even more essential that the 2 percent rooms tax proposed by the Greater Providence Convention and Visitors Bureau (GPCVB) be passed by the General Assembly. Already overwhelmingly endorsed by the House, this proposed legislation (80-H7790) needs to be swiftly passed by the Senate as well.

The purpose of this legislation is to impose a 2 percent tax on transient lodgings in Providence: this means, essentially, a charge on rooms at the Biltmore Plaza and the Holiday and Marriott Inns. The money raised by this tax paid by visitors to the city would be used to promote the convention and tourist business in the Greater Providence area.

The benefits of such a tax have long been recognized by other cities, with 70 percent of the 144 convention bureaus throughout the country now funded in this manner. Bureaus in cities with a 3 percent rooms tax, the national average, include Savannah with a budget of \$315,000, Columbus with \$500,000, Norfolk with \$630,000, and Nashville with \$876,900. The Hartford bureau, with a 4.5 percent tax, has a budget of \$495,000 to publicize a smaller and less attractive city than Providence.

The current budget of the GPCVB is \$91,000, of which \$10,000 comes from the state, \$30,000 from the city, and \$51,000 from membership contributions. For this year only the state has contributed an additional \$30,000 for a total of \$121,000. The 2 percent rooms

tax is projected to return \$150,000 to the bureau plus 75 percent of any amount collected over that figure. The remaining 25 percent will go to a Convention Authority to further promote conventions. Depending upon revenues collected, city and state contributions will be altered.

Increasingly, cities are discovering the value of a convention and tourist "industry," one that is clean and one that produces new jobs and sizable sales tax revenues.

This \$70 billion industry is largely a result of the ability of a city to "sell" itself. This is the role of the GPCVB. This year the bureau will book \$3 million worth of business. It has set a goal of \$5 million for next year.

In a national study done in January of this year, 57 cities were polled to ascertain the impact of 1,402 selected conventions on their economies. From centers as diverse as Tulsa and Indianapolis, Little Rock and Pittsburgh came the results. The average spending generated by convention delegates is \$280.06 or \$73.37 per day. Excluding association expenditures, a delegate spends an average of \$66.61 per day for 3.8 days. This \$254.38 total is distributed to: hotel rooms, 38 percent; restaurants, 31 percent; retail stores, 11 percent; transportation, entertainment, sightseeing, etc., 20 percent. This spending pattern can be translated into sales, tax revenues and jobs.

Started in 1976, the Greater Providence Convention and Visitors Bureau

with its staff of three has only started to scratch the surface of a major industry that other cities have long recognized as a important stimulus to the economy. By providing the resources to the bureau made available by the passage of the 2 percent rooms tax and given the widespread national publicity heralding the attractiveness and rebirth of our capital city, Providence can be in the "take-off" stage to become a major tourist attraction. Others see the potential. It is about time that we in the state see it also.

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