

Why not 'soak' the visitors?

PROVIDENCE Mayor Vincent Cianci has a financial problem, which is not uncommon these days for just about any mayor. Center cities are faced with a host of problems that require sizable expenditures to address. And with the downturn in an economy making a feeble effort to recover, available resources are in scarce supply.

Critics of the Mayor's proposed budget say he is doing it with smoke and mirrors, citing income that has yet to be approved, i.e., state aid of \$15 million, sale of land for \$16 million, and \$5 million from tax-exempt properties in Providence.

There is little doubt that Rhode Island's capital city, soon to be host to large numbers of visitors from throughout the country and abroad with the opening of the Convention Center, needs to present a shining face to these visitors if the city hopes to have them return. An increased budget and money wisely spent will help bring that about. And these visitors may be part of the solution.

Meanwhile, how is the city to raise the necessary increase of \$25.2 million over last year for it to meet its obligations?

Right now a good deal of pressure is being applied to the tax-exempt colleges and universities in town, as well as the six private hospitals, to make some type of contribution. After all they represent much of the 46 percent of the tax-exempt property in Providence. This pressure has gone as far as to already include having the city bill Johnson & Wales University more than \$2,000 for the police work necessary to respond to a recent disturbance there.

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But this is the wrong tactic. Realizing this, the city is now working with these organizations and talking with the General Assembly to ensure that it fulfills the obligation it took on in 1986 to reimburse communities, such as Providence, 25 percent of the taxes these institutions would pay if they were taxable properties. Providence would receive \$7 million in the next fiscal year, rather than the \$1.5 million it is slated to get.

As it is, hospitals already provide \$27 million of free care. And colleges and universities make their own special types of contributions. No recent studies of economic impact of local schools have been made, but two years ago Roger Williams University came out with figures that indicated a \$20 million impact on its own community of Bristol, ranging from services bought to scholarships and provision of free courses.

Colleges and universities are much more than economic engines. Not only do they provide jobs, student volunteers and markets for a variety of goods and services, they represent the opportunity for city residents and others to move ahead in life. And all great cities have them.

In addition to getting the state to fulfill its obligations regarding tax-exempts, there is a purely local source of income that has not been tapped: a hotel and restaurant tax.

We already have a state-imposed hotel room tax of 5 percent, in addition to the 7 percent sales tax, or a total of 12 percent. Indiana has a 10 percent room tax. New York

City has a 21 percent room tax. Most states have similar taxes. These are taxes the visitor pays.

Why not have the city impose a 1 percent, or \$1-a-room, tax to meet its budgetary problems? And why not a 1 percent city tax on restaurant food, again paid for primarily by visitors to the capital city?

Hotels and restaurants may claim this an unfair burden on them for operating in the city, yet this is not an uncommon practice. Do they believe that a \$1-a-night extra charge is going to send people to Warwick or Seekonk? Having traveled recently to Indianapolis, Albuquerque and Santo Domingo (21 percent there), I noticed that one gripes but one pays. Is an extra 25 cents on a \$25 meal going to make a difference as to whether one dines in Providence or Cranston?

Mayor Cianci is not keen on raising taxes on home owners this year, even though they are provided with a 35 percent property tax exemption. And certainly there are many other measures that need to be addressed, such as disability pensions, new jobs created, political appointees, etc. But there is a way to increase revenues and not impose on the residents of the city, and that is through these taxes that are paid for by visitors to the state.

Not as regressive as a conventional sales tax, this burden falls on those able to afford hotel rooms and restaurant meals, services heavily used by outsiders. It is a strategy used by others — why not Providence?

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