

2022 -- S 2773

LC004839

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

A N A C T

RELATING TO TOWNS AND CITIES -- TOURISM IMPROVEMENT DISTRICTS

Introduced By: Senators Miller, Goodwin, Ruggerio, McCaffrey, Lombardo, Kallman,
Zurier, Sosnowski, Gallo, and Coyne

Date Introduced: March 24, 2022

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 45 of the General Laws entitled "TOWNS AND CITIES" is hereby
2 amended by adding thereto the following chapter:

3 CHAPTER 59.1

4 TOURISM IMPROVEMENT DISTRICTS

5 **45-59.1-1. Short Title.**

6 This act shall be known and may be cited as the "Tourism Improvement Districts Act."

7 **45-59.1-2. Legislative findings and purpose.**

8 (a) It is found and declared that:

9 (1) Tourism is a major source of employment, income, and tax revenues in this state, and
10 the expansion of the tourism industry is vital to the growth of the state's economy.

11 (2) The tourism industry is important to this state, not only because of the number of people
12 it serves and the vast human, financial, and physical resources it employs, but because of the
13 benefits tourism and related activities confer on individuals and on society as a whole.

14 (3) Local government oversight and resources are needed to implement a coordinated and
15 effective marketing program consistent with the needs of specific areas of this state, and to optimize
16 the considerable investment of time, energy, capital, and resources being made by the tourism
17 industry.

18 (b) It is the purpose of this chapter to authorize municipalities to create tourism
19 improvement districts for the purpose of providing the services and undertaking the activities

1 described in this chapter to supplement, not supplant, existing funding provided by the state and
2 municipalities implementing a tourism investment district.

3 **45-59.1-3. Definitions.**

4 As used in this chapter:

5 (1) "Activity" means any programs or services provided for the purpose of conferring
6 specific benefits upon the businesses that are located in the tourism improvement district and to
7 which an assessment is charged.

8 (2) "Assessment" means a levy for the purpose of providing activities and improvements
9 that will provide benefits to businesses located within a tourism improvement district that are
10 subject to the tourism improvement district assessment. Assessments may be based on a percent of
11 gross business revenue, a fixed dollar amount per transaction, or any other reasonable method based
12 upon benefit, and approved by the municipality.

13 (3) "Authorizing resolution" means a resolution adopted by the municipality that authorizes
14 the formation or renewal of a tourism improvement district and the levying of assessments.

15 (4) "Business" means any business establishment of the type or class that is described in
16 the tourism improvement district plan and the authorizing resolution.

17 (5) "Business owner" means any person recognized by the municipality as the owner of the
18 business. The municipality has no obligation to obtain other information as to the ownership of
19 businesses, and its determination of ownership shall be final and conclusive for the purposes of this
20 chapter. Wherever this chapter requires the signature of the business owner, the signature of the
21 authorized representative of the business owner shall be sufficient.

22 (6) "Improvement" means an acquisition, construction, installation, or maintenance
23 relating to tangible property, with an estimated useful life of five (5) years or more that is designed
24 to provide benefits to assessed businesses.

25 (7) "Lead municipality" means the municipality in which the tourism improvement district
26 plan is filed for the establishment of a tourism improvement district where such district includes
27 more than one municipality.

28 (8) "Municipality" means any city or town in the State of Rhode Island.

29 (9) "Owners' association" means a new or existing nonprofit corporation charged with
30 promoting tourism within the area of the tourism improvement district that is under contract with
31 the municipality to administer the tourism improvement district and implement activities and
32 improvements specified in the tourism improvement district plan.

33 (10) "Tourism improvement district" means a tourism improvement district established
34 pursuant to this chapter.

1 (11) "Tourism improvement district plan" means a plan as prescribed in § 45-59.1-5.

2 **45-59.1-4. Boundaries of a tourism improvement district -- Requirement of consent.**

3 (a) Municipalities may create tourism improvement districts pursuant to this chapter.

4 (b) A municipality may form a tourism improvement district that assesses any business
5 located within the boundaries as determined by the municipality. Should any lead municipality
6 choose to include other municipalities within the boundaries of a tourism improvement district,
7 each participating municipality must provide written consent from the governing body of each
8 participating municipality. In the event there are multiple consenting municipalities, upon
9 successful receipt of consent from all participating municipalities, the lead municipality shall
10 govern and administer the tourism improvement district.

11 (c) The boundaries of any proposed tourism improvement district may overlap with the
12 boundaries of another tax, assessment, or special tax assessment area or management district
13 created pursuant to Rhode Island law.

14 **45-59.1-5. Contents of tourism improvement district plan.**

15 A tourism improvement district plan shall include, but not be not limited to, all of the
16 following:

17 (1) A map that identifies the tourism improvement district boundaries in sufficient detail
18 to allow a business owner to reasonably determine whether a business is located within the tourism
19 improvement district boundaries. The boundaries of a tourism improvement district may overlap
20 with other tourism improvement districts established pursuant to this chapter.

21 (2) The name of the proposed tourism improvement district.

22 (3) The name of the owners' association.

23 (i) Where a newly formed nonprofit corporation is designated as the owners' association,
24 the certificate of incorporation or bylaws shall provide that the owners' association's governing
25 board shall be composed of a majority of business owners, or their authorized representatives, who
26 pay the tourism improvement district assessment.

27 (ii) Where an existing nonprofit corporation is designated as the owners' association, the
28 nonprofit shall create a committee composed of a majority of businesses owners, or their authorized
29 representatives, who shall be charged with managing the funds raised by the tourism improvement
30 district and fulfilling the obligations of the tourism improvement district plan.

31 (iii) The owners' association shall have full discretion to select the specific activities and
32 improvements within the authorized parameters of the tourism improvement district plan that shall
33 be funded with tourism improvement district assessment revenue.

34 (4) The activities and improvements proposed for each year of operation of the tourism

1 improvement district and the estimated cost thereof. If the activities and improvements proposed
2 for each year of operation are the same, a description of the first year's proposed activities and
3 improvements and a statement that the same activities and improvements are proposed for
4 subsequent years shall satisfy the requirements of this subsection.

5 (5) The estimated annual amount proposed to be expended for activities and improvements
6 during each year of operation of the tourism improvement district. This amount may be estimated
7 based upon the assessment rate. If the estimated annual amount proposed to be expended in each
8 year of operation of the tourism improvement district is not significantly different, the amount
9 proposed to be expended in the initial year and a statement that a similar amount applies to
10 subsequent years shall satisfy the requirements of this subsection.

11 (6) The proposed source or sources of financing, including the proposed method and basis
12 of levying the assessment in sufficient detail to allow each business owner to calculate the amount
13 of the assessment to be levied against their business. The tourism improvement district plan may
14 set forth increases in assessments for any year of operation of the tourism improvement district.
15 Any business of the type or class of businesses that are subject to the assessment that commences
16 operations during the tourism improvement district's term shall be subject to the assessment.

17 (7) The time and manner of collecting the assessments and any interest or penalties for
18 non-payment.

19 (8) The specific number of years in which assessments will be levied. In a new tourism
20 improvement district, the maximum number of years shall be ten (10). Upon renewal, a district
21 shall have a term not to exceed twenty (20) years. The tourism improvement district plan may set
22 forth specific increases in assessments for each year of operation of the district;

23 (9) Any proposed rules to be applicable to the tourism improvement district.

24 (10) A definition describing the types or classes of businesses to be included in the tourism
25 improvement district and subject to the tourism improvement district assessment.

26 **45-59.1-6. Initiation of proceedings -- Petition for a proposed tourism improvement**
27 **district.**

28 (a) Upon submission to the clerk of a municipality of a written petition, the municipality
29 may initiate proceedings to form a tourism improvement district by adopting a resolution
30 expressing its intention to form a tourism improvement district. The written petition may be signed
31 by either:

32 (1) Business owners or their authorized representatives who will pay sixty percent (60%)
33 or more of the assessments proposed to be levied; or

34 (2) Business owners or their authorized representatives who constitute sixty percent (60%)

1 or more of the total rooms within the tourism improvement district.

2 (b) The petition of business owners required under subsection (a) of this section shall
3 include a summary of the tourism improvement district plan. That summary shall include all of the
4 following:

5 (1) A map showing the boundaries of the tourism improvement district.

6 (2) The types or classes of businesses that will be subject to the assessment.

7 (3) The assessment rate for the types or classes of business that will be subject to the
8 assessment.

9 (4) Information specifying where the complete tourism improvement district plan can be
10 obtained.

11 (5) Information specifying that the complete tourism improvement district plan shall be
12 furnished upon request.

13 **45-59.1-7. Hearing on establishment or renewal.**

14 (a) If the municipality has received a successful petition pursuant to § 45-59.1-6, the
15 municipality shall hold a public hearing on the establishment or renewal of the tourism
16 improvement district prior to adoption of the authorizing resolution. Notice of the public hearing
17 shall be mailed to the owners of the businesses proposed to be subject to the assessment.

18 (b) The municipality shall provide at least thirty (30) days' written notice of the public
19 hearing at which the municipality proposes to establish or renew the tourism improvement district
20 and levy the assessment.

21 (c) A protest may be made by any business owner that will be subject to the proposed
22 assessment. Every protest shall be in writing and shall be filed with the municipality at or before
23 the time fixed for the public hearing. The municipality may waive any irregularity in the form or
24 content of any written protest. A written protest may be withdrawn in writing at any time before
25 the conclusion of the public hearing. Each written protest shall contain a description of the business
26 in which the person subscribing the protest is interested that shall be sufficient to identify the
27 business and, if a person subscribing is not shown on the official records of the municipality as the
28 owner of the business, the protest shall contain or be accompanied by written evidence that the
29 person subscribing is the owner of the business or the authorized representative. A written protest
30 that does not comply with this section shall not be counted in determining a majority protest. If
31 written protests are received from sixty percent (60%) or more of business owners or their
32 authorized representatives, as determined via the same majority calculation method chosen in § 45-
33 59.1-6, and protests are not withdrawn so as to reduce the protests to less than sixty percent (60%),
34 the municipality shall not levy the assessment.

1 (d) If a tourism improvement district includes multiple municipalities or portions thereof,
2 the notice and hearing process set forth in this section shall be conducted by the lead municipality.

3 **45-59.1-8. Changes to proposed assessment.**

4 At the conclusion of the public hearing to establish or renew a tourism improvement
5 district, the municipality may adopt, revise, change, reduce, or modify the proposed assessments,
6 the boundaries of the tourism improvement district, or the types or classes of businesses within the
7 tourism improvement district that would be subject to the assessment. Proposed assessments may
8 only be revised by reducing them, either independently or together in a uniform manner. The
9 proposed tourism improvement district boundary may only be revised to exclude territory that will
10 not benefit from the proposed activities and improvements. The types or classes of businesses that
11 will be subject to the proposed assessment may only be revised to exclude the business types or
12 classes that will not benefit from the proposed activities and improvements. Any modifications,
13 revisions, reductions, or changes to the proposed tourism improvement district plan shall be
14 reflected in the tourism improvement district plan prior to the municipality's adoption of the
15 resolution creating or renewing the tourism improvement district.

16 **45-59.1-9. Authorizing resolution.**

17 (a) If the municipality, following the public hearing, decides to establish or renew a
18 proposed tourism improvement district, the municipality shall adopt an authorizing resolution that
19 shall include, but is not limited to, all of the following:

20 (1) A brief description of the proposed activities and improvements, the amount of the
21 proposed assessment, a statement as to the types or classes of businesses that will be subject to the
22 assessment, and a description of the exterior boundaries of the tourism improvement district, which
23 may be made by reference to any plan or map that is on file with the municipality. The descriptions
24 and statements need not be detailed and shall be sufficient if they enable an owner to generally
25 identify the nature and extent of the activities and improvements and the location and extent of the
26 tourism improvement district.

27 (2) The time and place where the public hearing was held concerning the establishment or
28 renewal of the tourism improvement district.

29 (3) A determination regarding any protests received. The municipality shall not establish
30 or renew the tourism improvement district or levy assessments if a majority protest was received
31 as described in § 45-59.1-7(c).

32 (4) A statement that the businesses in the tourism improvement district established by the
33 resolution shall be subject to any amendments to this chapter.

34 (5) A statement that the activities and improvements to be conferred on businesses in the

1 tourism improvement district will be funded by the proceeds of assessments. The revenue from the
2 assessments within a tourism improvement district shall not be used for any purpose other than the
3 purposes specified in the tourism improvement district plan, as authorized or modified by the
4 municipality at the hearing concerning establishment or renewal of the tourism improvement
5 district.

6 (6) A finding that the businesses within the tourism improvement district will benefit from
7 the activities and improvements funded by the tourism improvement district assessments.

8 (b) The adoption of the authorizing resolution shall constitute the levy of assessments in
9 each of the years referred to in the tourism improvement district plan.

10 **45-59.1-10. Expiration of tourism improvement district term.**

11 If a tourism improvement district expires due to the term specified in § 45-59.1-5(a)(8), a
12 new tourism improvement district plan may be created and the tourism improvement district may
13 be renewed pursuant to this chapter.

14 **45-59.1-11. Time and manner of collection of assessments -- Delinquent payments.**

15 (a) The collection of the assessments levied pursuant to this chapter shall be made at the
16 time and in the manner set forth by the municipality in the authorizing resolution. All delinquent
17 payments for assessments levied pursuant to this chapter may be charged interest and penalties.

18 (b) Any delinquent payments for assessments, along with any interest or penalties, shall
19 constitute a debt owed the municipality and may be collectable by the municipality as a debt under
20 law.

21 (c) Any delinquent payments for assessments, interest, or penalties recovered under this
22 section shall be expended in the same manner as provided in the authorizing resolution for proceeds
23 of the assessment.

24 **45-59.1-12. Validity of assessment.**

25 The validity of an assessment levied under this chapter shall not be contested in any action
26 or proceeding unless the action or proceeding is commenced within thirty (30) days after the
27 authorizing resolution is adopted pursuant to § 45-59.1-9. Any appeal from a final judgment in an
28 action or proceeding shall be perfected within thirty (30) days after the entry of judgment.

29 **45-59.1-13. Certification to establish levels of services and funding.**

30 The tourism improvement district is intended to provide supplemental funding and services
31 and not to supplant existing funding or services. After establishing a tourism improvement district,
32 the municipality shall not decrease the level of publicly funded tourism promotion services in a
33 tourism improvement district existing prior to the creation of such tourism improvement district.

34 **45-59.1-14. Modification to the tourism improvement district plan.**

1 (a) The owners' association, at any time, may request that the municipality modify the
2 tourism improvement district plan. Any modification of the tourism improvement district plan shall
3 be made pursuant to this chapter. The tourism improvement district plan shall not be modified,
4 except by the request of the owners' association and only in the manner requested by the owners'
5 association.

6 (b) Upon the written request of the owners' association, the municipality may modify the
7 tourism improvement district plan by adopting a resolution determining to make the modifications
8 after conducting one public hearing on the proposed modifications. If the modification includes the
9 levy of a new or increased assessment or the expansion of the tourism improvement district's
10 geographic boundaries, the municipality shall comply with all procedures required for
11 establishment of a new tourism improvement district provided by this chapter. Notice of all other
12 public hearings pursuant to this section shall comply with both of the following:

13 (1) The resolution of intention to modify shall be published once at least seven (7) days
14 before the public hearing in a newspaper of general circulation in the municipality.

15 (2) A complete copy of the resolution of intention to modify shall be mailed by first class
16 mail, at least ten (10) days before the public hearing, to each business owner affected by the
17 proposed modification.

18 (c) The municipality shall adopt a resolution of intention to modify which states the
19 proposed modification prior to the public hearing required by this section. The public hearing shall
20 be held not more than ninety (90) days after the adoption of the resolution of intention to modify.

21 **45-59.1-15. Reports.**

22 (a) The owners' association shall cause to be prepared a report for each fiscal year, except
23 the first year, for which assessments are to be levied and collected to pay the costs of the activities
24 described in the report. The owners' association's first report shall be due ninety (90) days after the
25 first year of operation of the tourism improvement district.

26 (b) The report shall be filed with the municipality and shall refer to the tourism
27 improvement district by name, specify the fiscal year to which the report applies, and, with respect
28 to that fiscal year, shall contain all of the following information:

29 (1) The activities and improvements to be provided for that fiscal year.

30 (2) An estimate of the cost of providing the activities and improvements for that fiscal year.

31 (3) The method and basis of levying the assessments in sufficient detail to allow each
32 business owner to estimate the amount of the assessment to be levied against his or her business
33 for that fiscal year.

34 (4) The estimated amount of any surplus or deficit revenues to be carried over from a

1 previous fiscal year.

2 (c) The municipality may approve the report as filed by the owners' association or may
3 make recommendations for approval to the annual report within forty-five (45) days of receiving
4 the annual report. The annual report shall be final and approved within ninety (90) days following
5 its submission by the owners' association to the municipality.

6 **45-59.1-16. Renewal of tourism improvement district.**

7 (a) Any tourism improvement district previously established whose term has expired, or
8 will expire, may be renewed by following the procedures for establishment as provided in this
9 chapter.

10 (b) Upon renewal, any remaining revenues derived from assessments, or any revenues
11 derived from the sale of assets acquired with the revenues, shall be transferred to the renewed
12 tourism improvement district.

13 (c) There is no requirement that the boundaries, assessments, activities, or improvements
14 of a renewed tourism improvement district be the same as the original or prior tourism improvement
15 district.

16 **45-59.1-17. Dissolution of district.**

17 (a) A tourism improvement district established or extended pursuant to this chapter may be
18 dissolved by adoption of a resolution by the municipality pursuant to this section when there is no
19 indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the tourism
20 improvement district, and when either of the following circumstances apply:

21 (1) The municipality finds there has been misappropriation of funds or other malfeasance.

22 (2) The municipality finds there has been a violation of law in connection with the
23 management of the tourism improvement district.

24 (b) During each year of operation of the tourism improvement district, there shall be a thirty
25 (30) day period in which businesses subject to the assessment may request dissolution of the
26 tourism improvement district. The first period shall begin two (2) years after the date of
27 establishment of the tourism improvement district and shall continue for thirty (30) days. Each
28 successive year of operation of the tourism improvement district shall have such a thirty (30) day
29 period. Upon the written petition of sixty percent (60%) or more of business owners or their
30 authorized representatives, as determined via the same majority calculation method chosen in § 45-
31 59.1-6, the municipality shall pass a resolution of intention to disestablish the tourism improvement
32 district. The municipality shall give public notice of any hearing on disestablishment.

33 (c) The municipality shall adopt a resolution of intention to disestablish the tourism
34 improvement district prior to the public hearing required by this section. The resolution shall state

1 the reason for the potential dissolution, shall state the time and place of the public hearing, and
2 shall contain a proposal to dispose of any assets acquired with the revenues of the assessments
3 levied within the tourism improvement district. The notice of the hearing on dissolution required
4 by this section shall be given by mail to the owner of each business subject to assessments in the
5 tourism improvement district. The municipality shall conduct the public hearing not less than thirty
6 (30) days after mailing the notice to the business owners. The public hearing shall be held not more
7 than sixty (60) days after the adoption of the resolution of intention. At the conclusion of the public
8 hearing, the municipality shall adopt a resolution dissolving the tourism improvement district.

9 (d) After holding a noticed hearing, the municipality shall notify the owners' association to
10 remedy the findings of the municipality within thirty (30) days. Such public hearing shall be held
11 and notice given to the benefited businesses and the owners' association not less than thirty (30)
12 days prior to the hearing. If the owners' association does not remedy the violations within thirty
13 (30) days of notification, or the municipality has not approved a plan to remedy the violation, at
14 the conclusion of a hearing conducted under this section, the municipality may vote to terminate
15 the tourism improvement district.

16 **45-59.1-18. Remaining revenues.**

17 Upon the dissolution or expiration without renewal of a tourism improvement district, any
18 remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or
19 derived from the sale of assets acquired with the revenues, shall be spent in accordance with the
20 tourism improvement district plan or shall be refunded to the owners of the businesses then located
21 and operating within the tourism improvement district in which assessments were levied by
22 applying the same method and basis that was used to calculate the assessments levied in the fiscal
23 year in which the tourism improvement district is disestablished or expires.

24 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TOWNS AND CITIES -- TOURISM IMPROVEMENT DISTRICTS

1 This act would enable municipalities, with a supermajority consensus of impacted
2 businesses, to create tourism improvement districts, a tourism focused alternative to district
3 management authorities in § 45-59-1 et seq., designed to provide supplementary financial support
4 for marketing programs to increase economic activity in the tourism industry, particularly in
5 regards to occupancy and room rates in lodging businesses.

6 This act would take effect upon passage.

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