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Hospitality industry stands out as singular exception

Key service industry adding workers while tax collections for 2011 are outpacing previous year's

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While most of Rhode Island's economy struggles to recover from the Great Recession, the state's hospitality industry is already back in the black in terms of the number of people working in the industry and the amount of money it collects when renting hotel rooms and serving food and beverages, according to new state figures.

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SEE **HOSPITALITY, A8**

HOSPITALITY Continued from A1

Tax revenue, jobs are increasing

18 months," said Martha Sheridan, president of the Providence-Warwick Convention & Visitors Bureau. "We're following the national and regional trends."

The national economy, which is rebounding faster than the state's, is helping drive the hospitality industry into positive territory, Sheridan said. As business has improved nationwide, more companies are hitting the road again, either to meet with clients or gather at conventions, she said, bringing money into Rhode Island.

That has driven up demand for hotel rooms, Sheridan said. "Hotels are able to charge a little bit more than they have in the past," she said, describing that as a key indicator of the health of the industry.

But it's not the only indicator offering positive news.

Numbers from the state Division of Taxation this week tell a similar story, as do jobs reports from the state Department of Labor and Training.

In addition to other taxes, the state collects a 1-percent tax on the cost of hotel rooms and on meals and beverages. This 1-percent tax is returned to the city or town that hosts the business collecting the money. Annual collections of those taxes peaked in 2007 before falling off during the recession.

In 2010, meals- and beverage-tax col-

lections of \$19.4 million easily surpassed the 2007 peak of \$18.9 million. Collection of the 1-percent tax indicates that food-service providers, which includes a variety of vendors from restaurants and bars, to ready-to-eat sections of supermarkets and vending machines, took in \$1.94 billion in 2010.

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Figures for 2011 are available only through October, but are outpacing 2010, \$16.9 million to \$16.5 million.

Collection of hotel taxes lags a little behind meals and beverage taxes.

The 2007 peak hit \$2.7 million before dropping to \$2.3 million in 2009. In 2010, that climbed to \$2.6 million, and the October figures show 2011 doing even better, on pace to equal 2007's \$2.7 million.

The hospitality industry has been one of the few bright spots in the state's monthly jobs reports.

From November to December, the state's overall non-farm economy lost 600 jobs, while accommodation and food services businesses gained 600, according to a report Friday from the Department of Labor and Training. That slim gain proved enough to push those businesses into positive territory for the full year, showing a gain of 100 jobs from December 2010 to December 2011, using seasonally adjusted fig-

ures.

Employment in that economic sector hit a pre-recession peak of 43,500 jobs in October 2007, as the recession took firm hold in Rhode Island. It dipped to 41,000 jobs in April 2009.

While economists forecast it may be up to a decade more before the overall economy regains all of the jobs it lost during the recession, accommodation and food services hit that benchmark in March 2011, when the state reported 44,000 jobs in those industries.

It has hovered around that number since then, finishing 2011 at 43,000 jobs, according to the state.

While Sheridan said the hospitality industry alone can't be expected to carry the state's entire economy, she pointed to the jobs report to underscore its importance. Following health care, business services and retail trade, the accommodation and food-services sector ranks as the fourth leading private employer in the state, eclipsing manufacturing by nearly 3,000 jobs.

In a speech Thursday at Florida's Disney World to announce a new visa program aimed at stimulating foreign tourism in the United States, President Obama highlighted the importance of the industry to the national economy.

"It means people are renting cars and they're staying in hotels and they're eating at restaurants and they're checking out the sights. It means people are doing business here in the United States," the president said, according to a White House transcript. "And that means jobs. ... More money spent by more tourists means more businesses can hire more workers. This is a pretty simple formula."

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