

**MHLA**  
**Maryland Hotel  
 Lodging Association**

**Statement in OPPOSITION to  
 Bill No. 22-19: An Act concerning Taxation – Transient Occupancy Tax**

April 30, 2019

Mr. Chairman and Members of the Council:

The Maryland Hotel Lodging Association opposes the proposed increase in transient occupancy tax from 8% to 10%.

As background, MHLA supported Bill 84-16, which was passed and went into effect on July 1, 2017. That law allocated 8% of the transient occupancy (room) tax collected each fiscal year to the “operating budget of the (Baltimore County) Office of Tourism and Promotion to fund tourism marketing and tourism related activities”. However, \$10,344,021 in room tax was collected that year and just \$124,000 – 1% - was allocated to the County tourism budget as reported to the State for FY 2018. We have great concerns regarding government transparency and appropriate allocation / spending of the current room tax at 8%. Even if 8% were going to the county tourism budget as it should, Baltimore County would pale in comparison to the allocation in surrounding jurisdictions in Maryland’s central region.

COUNTY	TAX RATE	ROOM TAX COLLECTED BY THE COUNTY (FY 18)	TOURISM BUDGET	COUNTY TOURISM BUDGET AS A % OF ROOM TAX
Baltimore	8%	\$10,344,021	\$124,000	1%
Harford	6%	\$3,028,593	\$540,000	18%
Howard	7%	\$5,294,229	\$1,143,381	22%
Anne Arundel	7%	\$14,318,737	\$3,702,780	26%
Baltimore City	9.5%	\$32,985,925	\$15,009,073	46%
Carroll	5%	\$332,518	\$384,660	116%

Data from the Maryland FY 2018 Tourism Development Board Annual Report & Maryland Association of Counties Budget and Tax Rate Survey (August 2018)

Tourism marketing is an investment that enables our industry to create jobs and drive economic growth through increased visitor spending. In fact, for every \$100 hotel guests spend on lodging, they spend another \$221 in the destination (recreation, retail, food and beverage, transportation, etc.)<sup>1</sup>

<sup>1</sup> Bureau of Economic Analysis; Oxford Economics

# MHLA

## Maryland Hotel Lodging Association

As an alternative to increasing the hotel tax, we respectfully ask the Baltimore County Council to ensure the current allocation of 8% of the 8% room tax is appropriately used for tourism promotion in Baltimore County, and to consider increasing the percentage dedicated to tourism marketing as the ROI is realized.

To increase the tax from 8 to 10%, especially under current circumstances, would be detrimental to our industry and lessen our pricing competitiveness beyond what it is today. Meeting planners booking multiple rooms are especially sensitive to tax rates. Baltimore County would be at a heightened competitive disadvantage for attracting conferences/groups booking multiple rooms when they can save 3-4% on room tax by simply moving the event to nearby Howard, Anne Arundel, or Harford County.

A secondary aspect of the proposed legislation would apply the transient occupancy tax to short-term rentals, and we agree tax should apply to this segment of the lodging marketplace. However, we believe it is best to address taxation as part of comprehensive legislation encompassing not just tax but also licensing and regulation of short-term rentals as well as public safety for guests and neighbors. Last year Baltimore City and Prince George's County passed legislation to this effect, and we encourage Baltimore County officials to take a similar approach.

MHLA is a trade-based membership organization representing Maryland's \$6 Billion lodging industry with more than 78,000 rooms in 700 hotels across the state.

2

---

On behalf of our members, thank you for your consideration.

*For more information, contact:*

Amy Rohrer  
MHLA President & CEO