

**ISHAE 2016 AWARDS OF EXCELLENCE ENTRY
MARYLAND HOTEL & LODGING ASSOCIATION
GOVERNMENT AFFAIRS**

Goals and Objectives

The overall goal of this campaign was to pass legislation that would result in tax parity between hotels and online travel companies (OTCs) in Maryland. The objective was to encourage Maryland legislators to support the veto override of Senate Bill 190. The veto override would close a sales tax loophole that did not require OTCs to remit the 6% sales tax from booking guests based on the advertised room rates charged for use of the rooms but instead gave OTCs the ability to remit sales tax based on the pre-negotiated discount rates they pay hotels for rooms.

Target Audience

- Legislators
- Elected officials in the Maryland General Assembly

Results

On January 21, 2016 the Maryland General Assembly overrode Governor Lawrence J. Hogan Jr.'s veto of Senate Bill 190. This legislation clarified certain defined terms used in the sales and use tax law and reaffirmed the State's authority to impose the sales and use tax on all consideration paid by guests. This clarification in the legislation made it clear OTCs, hosting platforms, such as Airbnb, and the individual hosts are responsible for the state sales tax on any rental revenue that they are collecting. It requires that short-term rental hosts register with the state as a vendor, and gives the state the ability to audit the short-term rentals in the same manner as hotels for taxation purposes. In addition, the legislation states that a third party company can provide a blanket resale certificate to their host and collect and remit the tax on their behalf.

The defined terms included in the legislation are listed below:

- **“Accommodation” means the right to occupy a room or lodgings as a transient guest.**
- **Accommodation is included in the definition of tangible personal property, the sale or rental of which is subject to the sales and use tax.**
- **“Accommodations provider” means a person who owns, operates, or manages an accommodation and makes the accommodation available for sale or use to a buyer.**
- **“Accommodations intermediary” means a person, other than an accommodations provider, who facilitates the sale or use of an accommodation and charges a buyer the taxable price for the accommodation. Brokering, coordinating, or in any other way arranging for the sale or use of an accommodation by a buyer constitutes facilitating the sale of an accommodation. An accommodations intermediary is also included in the definition of a vendor for purposes of Maryland sales and use tax law.**
- **The taxable price for the sale or use of an accommodation facilitated by an accommodations intermediary includes the full amount of the consideration paid by a buyer for the sale or use of an accommodation.**

Ultimately, this legislation levels the playing field between hotels, OTCs and short-term rental hosting platforms in Maryland, ensuring that OTCs and short-term rentals are subject to the same state sales tax obligations as hotels.

Evaluation Measures

- The override of the veto on Senate Bill 190
- A clarification of terms used in the sales and use tax law
- Reaffirmation of the State's authority to impose sales and use tax on OTCs and short-term rental platforms

How was the program presented to the target audience?

MHLA sent out information on this campaign on a number of different fronts.

- Email blasts to legislators and delegates
- Letters to delegates
- OpEd's to national and local newspapers
- Flyers
- Post Cards
- MHLA website updates
- Facebook and Twitter Campaigns

MHLA started the "Faces of the Maryland Hotel & Lodging Industry" campaign on social media. The goal was to have hospitality and lodging employees take a photo holding a sign that read "Support SB 190 Veto Override" and upload it to Facebook and Twitter in order to show the strong backing we had behind us.

Additional Information

The passage of Senate Bill 190 was a joint effort between MHLA, Marriott Government Affairs, and Ann Beegle (public relations specialist). The entire process of the veto override took two years and was an uphill battle against a very popular sitting governor. Before the legislation was passed, OTCs would pocket the difference between the amount of sales tax based on the advertised room rate and the pre-negotiated discount rates they pay hotels for rooms. Maryland was receiving 15-25% less in sales tax revenue, an estimated \$5 million each year and it provided travel websites with an unwarranted cash advantage over hotels. The passing of SB 190 puts Maryland in a better position to continue to regulate OTCs and short-term rentals and ensure they are held to the same standards as hotels.