

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 637

(Washington County Senators)

Budget and Taxation

Ways and Means

Washington County - Hotel Rental Tax Revenue Distribution - Annual Reports

This bill alters the due date, from September 1 to November 1, of specified annual reports on the distribution and use of Washington County hotel rental tax revenues. The Washington County Commissioners must post a report on hotel rental tax revenues and uses on the county's website. The Hagerstown/Washington County Convention and Visitors Bureau must report to the Washington County Commissioners, rather than to the Washington County House and Senate delegations to the General Assembly, on the bureau's use of hotel rental tax revenues.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: None.

Local Effect: None. The bill does not materially affect Washington County operations or finances.

Small Business Effect: None.

Analysis

Current Law: By September 1 of each year, the Washington County Commissioners and the Hagerstown/Washington County Convention and Visitors Bureau must report to the Washington County Senate and House delegations to the General Assembly on the hotel rental tax revenue collected and the use of the hotel rental tax revenue for the previous fiscal year.

Background: Hotel rental taxes are currently authorized in all 23 counties and Baltimore City, with rates ranging from 3.0% to 9.5% as shown in **Exhibit 1**. On January 20, 2015, the Harford County Council enacted a 6% hotel rental tax to be imposed beginning March 23, 2015.

State law requires, after a distribution for specified administrative costs, that hotel rental tax revenues be distributed to the county's general fund, except:

- in a code county and Calvert, Cecil, Garrett, and St. Mary's counties, the portion of the tax attributable to a hotel in a municipality must be distributed to the municipality;
- Carroll County may retain a reasonable amount of revenues for administrative expenses and the remaining balance must be used for tourism and general promotion of the county;
- Dorchester County must provide 80% of revenues attributed to hotels located in a municipality to the municipality;
- Frederick County must designate a portion of the hotel rental tax revenue to the Tourism Council of Frederick County and a portion to the county commissioners to be used for a visitor center;
- Garrett County must designate a portion of revenues for the promotion of the county;
- Howard County must distribute any revenue attributable to a hotel rental tax rate of greater than 5% as follows: (1) two-thirds to the Howard County Tourism Council and (2) one-third to the Howard County Economic Development Authority;
- Washington County must use 50% of revenues to fund the Hagerstown/Washington County Convention and Visitors Bureau; and
- Wicomico County must provide 16.7% of the revenue to the Salisbury Zoological Park, 16.7% to the Wicomico County Youth and Civic Center, and the remainder must be used for the Wicomico County Convention and Visitors Bureau.

Washington County is estimated to collect \$2.0 million in hotel rental tax revenues in fiscal 2015.

Exhibit 1
Hotel Rental Tax Revenues

County	County Tax Rates		FY 2015	Per Capita Revenues	Per Capita Ranking
	FY 2014	FY 2015			
Allegany	8.0%	8.0%	\$1,024,345	\$14	8
Anne Arundel	7.0%	7.0%	12,944,000	23	5
Baltimore City	9.5%	9.5%	32,001,000	51	3
Baltimore	8.0%	8.0%	8,300,000	10	11
Calvert	5.0%	5.0%	800,000	9	14
Caroline	5.0%	5.0%	40,500	1	22
Carroll	5.0%	5.0%	359,641	2	20
Cecil	3.0%	3.0%	91,536	1	23
Charles	5.0%	5.0%	940,000	6	17
Dorchester	5.0%	5.0%	300,000	9	13
Frederick	3.0%	3.0%	1,331,506	6	18
Garrett	6.0%	6.0%	2,100,000	70	2
Harford	0.0%	6.0%*	0	0	24
Howard	7.0%	7.0%	4,900,000	16	7
Kent	5.0%	5.0%	124,000	6	16
Montgomery	7.0%	7.0%	17,512,115	17	6
Prince George's	5.0%	5.0%	4,850,700	5	19
Queen Anne's	5.0%	5.0%	480,000	10	12
St. Mary's	5.0%	5.0%	850,000	8	15
Somerset	5.0%	5.0%	55,000	2	21
Talbot	4.0%	4.0%	1,250,000	33	4
Washington	6.0%	6.0%	2,000,000	13	9
Wicomico	6.0%	6.0%	1,100,292	11	10
Worcester	4.5%	4.5%	13,015,083	252	1
Total			\$106,369,718	\$18	

*Tax is effective March 23, 2015.

Source: FY 2015 county budgets; Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: HB 1170 (Washington County Delegation) - Rules and Executive Nominations.

Information Source(s): Washington County, Department of Legislative Services

Fiscal Note History: First Reader - March 9, 2015
min/jrb Revised - Senate Third Reader - March 23, 2015

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