



**TESTIMONY PRESENTED TO THE HOUSE WAYS & MEANS COMMITTEE**

**HOUSE BILL 1176 – INCOME TAX – CREDIT FOR TRAVEL, HOSPITALITY AND ENTERTAINMENT EXPENSES**

**Sponsor – Delegate Hartman**

**February 26, 2021**

**DONALD C. FRY  
PRESIDENT & CEO**

**GREATER BALTIMORE COMMITTEE**

**Position: Support**

The Greater Baltimore Committee (GBC) supports House Bill 1176 which creates a nonrefundable credit against State income tax for travel, hospitality, and entertainment expenses incurred within the State by an individual taxpayer under certain circumstances. The Department of Commerce is required to administer the credit and may award a maximum of \$25 million in credits in each of the 2021 and 2022 tax years.

While the COVID-19 pandemic and its accompanying economic crisis have impacted all industries and businesses, the tourism and hospitality industries and their workers have suffered disproportionately. The American Hotel and Lodging Association (AHLA) has estimated that the COVID-19 impact on the U.S. travel industry in 2020 was about nine times of that from the September 11 terrorist attacks. In 2020, hotel room revenue was cut in half, from \$167 billion to \$85 billion. The U.S. restaurant industry ended 2020 with about \$659 billion in total sales, \$240 billion below what the National Restaurant Association estimated for the year prior to the pandemic.

Maryland lost 34,000 jobs in the accommodation and food services industries between February and November 2020, according to Daraius Irani, chief economist for the Regional Economic Studies Institute at Towson University. In November 2020, the U.S. unemployment rate for hospitality workers was 19%, nearly 4 times the previous November's rate of 5.1%.

The travel, hospitality, and entertainment industries are facing multiple years of slow growth to achieve recovery. House Bill 1176 has the potential to hasten that recovery as it encourages Marylanders to take advantage of our state's destinations. The bill would allow individuals to claim a tax credit equal to 100% of the qualified expenses incurred during qualified travel, not to exceed \$4,000 for an individual or \$8,000 for married couples filing jointly, plus \$500 for each dependent child. Qualified travel includes travel within Maryland during 2021 and 2022, with a final destination at least 50 miles from the principal residence of the individual taxpayer. Qualified expenses also includes food and beverage, lodging and transportation, live entertainment and sporting events, and attendance at a conference or business meeting.

The GBC *2021 Legislative Priorities* calls for elected leaders to provide recovery resources that are directed to the most impacted industries, including restaurants, hotels, retail, tourism, and nonprofits. While House Bill 1176 does not provide direct recovery aid to the hospitality industry, the bill's provisions provide incentives for Marylanders to patronize the hospitality and tourism industry sector, strengthening the industry as it moves toward recovery.

**For these reasons, the Greater Baltimore Committee urges a favorable report on House Bill 1176.**

*The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 66-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.*

**GREATER BALTIMORE COMMITTEE**

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