

**SENATE BILL 723:  
SALES AND USE TAX- DIGITAL PRODUCT DEFINITION  
BUDGET AND TAXATION COMMITTEE**

**STATEMENT OF SUPPORT**

March 9, 2022

Marriott International, Inc. is a global lodging leader headquartered in Bethesda, Maryland. Since its founding in the 1920s as a small restaurant chain in Washington, DC, the company has grown to comprise more than 8,000 lodging properties in 139 countries and territories, including 98 hotels in Maryland.

**Marriott wishes to express strong support for Senate Bill 723, as it would provide much needed clarity to the state's sales and use tax law as it relates to certain digital inputs and commercial transactions involving enterprise software and software services.**

Several years ago, the Maryland General Assembly enacted legislation which subjected the purchase of certain digital products to the state sales tax. In passing this measure, the legislature clearly indicated that the intent of the bill was to ensure that certain products, which had long been subject to sales tax when purchased by end user consumers in tangible form, would also be taxable when purchased in a digital format. This included downloadable versions of books, magazines, newspapers, movies, and music. Alternatively, we know the measure did not intend to suddenly impact commercial transactions involving enterprise level software or digital inputs, as described in SB723.

As a global company supporting hotel operations around the world, the backbone of our enterprise software capabilities is based right here in Maryland. Over the past two years, Marriott has experienced significant challenges and compliance burdens involving enterprise software providers and vendors whose services are critical to helping us operate an international network of hotels. Those challenges have stemmed from confusing and conflicting interpretations of the law as currently written, which fortunately can be alleviated by the clarifications offered in SB723.

The clarity provided by SB723 will better align statutory language with clear legislative intent. As a result, businesses across Maryland will benefit substantially by being relieved of any ongoing complications attributable to clear misunderstandings of state tax law.

Therefore, we respectfully urge the committee for a Favorable Report on SB723.

Thank you for your consideration.

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