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House Bill 1284 - Income Tax - State Tax Credits, Exemptions, and Deductions - Alterations and Repeal

Ways and Means Committee

March 5, 2020

OPPOSE

House Bill 1284 repeals many tax credits in statute. For this bill specifically, MCCC wants to highlight strong opposition to the repeal of the sales tax for the right to occupy certain corporate lodging facilities as a transient guest (11-231).

In 2008 and early 2009, Lockheed Martin (LM) invested \$125 million in Maryland and in its employees by constructing the Center for Leadership Excellence (CLE) on its secure Corporate Headquarters campus in Montgomery County. The CLE is a world-class corporate learning center consisting of training rooms, classrooms, breakout rooms, an auditorium, and 183 bedrooms for the use of LM employees whose business at the CLE or at headquarters requires an overnight stay. The CLE is not a hotel or motel and is not open to the public.

In 2010, the Maryland General Assembly overwhelmingly passed HB 855, sponsored by the Montgomery County delegation. This legislation exempted from the sales and use tax rooms or lodgings at a lodging facility that is operated solely in support of a corporate or any other conference facility that provides lodging solely for employees, contractors, vendors or other inviters of the corporation that owns the facility AND **does NOT** offer lodging services to the general public.

The General Assembly saw fit to exempt these facilities for two main reasons: they didn't want to discourage establishment of similar facilities in other parts of the state; and, they recognized that corporate training facilities that are not open to the public are not hotels. Further, to clarify, the legislation that passed was not establishing a tax break for a corporation headquartered in the state; it was clarifying the current statute to ensure that they were being taxed fairly. In addition to the facility not being a hotel, they are also a federal contractor. Therefore, the tax would have to be rolled into their RFPs, making them more expensive than others (who are not subject to such taxes).

For the aforementioned reasons, **the Chamber oppose House Bill 1284 and respectfully urges an unfavorable report.**