



American Hotel & Lodging Association – Testimony

To: Senate Budget and Taxation Committee

Date: March 12, 2025

RE: Testimony in Opposition to Senate Bill 1045

Dear Chair Guzzone and Members of the Committee,

On behalf of the American Hotel & Lodging Association (AHLA), which represents every segment of the hotel industry including major chains, independent hotels, management companies, REIT's, bed and breakfasts, industry partners and more, we ask that you oppose Senate Bill 1045, which applies a 2.5% sales tax on many of the business services used by hotels. This increased expense to operate would lessen our industry's competitiveness, threaten economic growth of Maryland's lodging industry, and negatively impact local businesses.

Costs are rising faster than revenues, impacting profitability and making investing in growth and job creation tougher. Maryland's small business hotel owners have been struggling as rising costs, compounded by high inflation and interest rates, make it difficult to stay open and serve guests. Everything from operations and maintenance to sales, marketing, and IT rose nearly five per cent in 2024.

This tax would make Maryland an outlier among our neighboring states. Virginia and Delaware do not impose similar taxes on business services, creating an immediate competitive disadvantage for Maryland hoteliers. Meeting planners will look at the bottom line and take their business to a neighboring state. Leisure travelers will go elsewhere for their family vacation.

While we support efforts to ensure Maryland's fiscal stability, the most effective approach to address budget challenges is to focus on policies that encourage business growth and economic expansion. A thriving business community naturally generates increased tax revenue through job creation and economic activity. We urge an unfavorable report on SB 1045.

I urge you to and the members of the General Assembly to carefully evaluate the implications of this legislation, reject SB 1045, and advocate for policies that support a thriving business environment in Maryland.

Respectfully submitted,

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