

MHLA

Maryland Hotel Lodging Association

Testimony in Opposition to Senate Bill 1045

Sales and Use Tax - Taxable Business Services - Alterations

Budget and Taxation Committee – March 12, 2025

The Maryland Hotel Lodging Association (MHLA) is the sole statewide trade association advocating for Maryland's hotel industry, which consists of 750+ hotels and employs over 27,000 individuals. The industry generates \$2.4 billion in state and local taxes, \$7.2 billion in total wages and salaries, and \$10.6 billion in spending by hotel guests, significantly contributing to Maryland's economy.

The Maryland Hotel Lodging Association (MHLA) strongly opposes SB 1045. The bill proposes a 2.5% sales tax on many business services utilized by Maryland 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.

Hotel occupancy in Maryland has not returned to pre-pandemic levels. Although top-line revenue at hotels has marginally increased over the last few years, it has not matched the level of inflation related to all the other expenses that our members have had to absorb. In addition to record increases in labor and payroll expenses, hotels are challenged with increases in energy costs, coming into compliance with BEPS, insurance and professional expenses and inflationary costs due to market and supply chain factors for guest and operating supplies as well as all aspects of food and beverage supply and delivery.

The [AHLA 2025 State of the Industry Report](#) shows that hotel growth is flattening, which is alarming as property level costs continue to rise faster than revenues, making it challenging for small business hotel owners to stay open and serve guests. A 2.5% tax on far-reaching business services captured by [SB 1045](#) and broadly used by hotels – as partially listed below - will only serve to exacerbate these challenges.

- Accounting, bookkeeping, payroll services
- Revenue management
- Third party staffing services
- Data or IT services
- Consulting
- Photography, furniture design or printing service
- Lobbying, public relations, or marketing services
- Landscaping and nonresidential building or property maintenance service
- Automotive repair and maintenance
- Commercial and Industrial Machinery and Equipment Repair and Maintenance
- Financial planning or tax preparation services
- Valet or parking services

Rather than imposing new financial burdens on the business community, Maryland should adopt policies that help job creators to maximize competitiveness and drive long-term economic growth.

We urge an unfavorable report on SB 1045.

Respectfully submitted,
Amy Rohrer, President & CEO
Maryland Hotel Lodging Association