

MHLA

Maryland Hotel Lodging Association

Testimony in Opposition to House Bill 1508

Baltimore City - Sales Tax – Authorization

Ways and Means Committee – March 11, 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 HB 1508 unless amended to exclude hotels. The bill proposes up to an additional 2% increase in Baltimore City's total tax on hotel rooms. Such an increase could harm tourism, discourage conventions, and negatively impact local businesses. These additional costs threaten economic growth and hinder Baltimore's ongoing recovery from the COVID-19 pandemic.

Competitive Disadvantage

HB 1508 permits the Mayor and City Council of Baltimore City to raise the local sales tax by up to 2%, in addition to the current state sales tax rate of 6%. Baltimore City's total combined tax rate on hotels already ranks among the highest in the nation and would potentially increase to 19.5% if this bill is passed.

Tax Component	Current Rate (6% Sales Tax) – Total 17.5%	With 1% Increase (7% Sales Tax) – Total 18.5%	With 2% Increase (8% Sales Tax) – Total 19.5%
Hotel Room Tax	9.5%	9.5%	9.5%
Tourism Improvement District (TID) Surcharge	2%	2%	2%
State Sales Tax on Hotel Accommodations	6%	7%	8%
Total Combined Hotel Tax Rate	17.5%	18.5%	19.5%

The [2024 State of the Industry Report](#) by the American Hotel & Lodging Association (AHLA) warns that while inflationary pressures have eased from peak levels, they remain elevated and above pre-pandemic historical averages (pg. 5, 2024 Projections at a Glance). Rising costs across the hospitality industry make affordability a top concern for travelers and businesses alike.

Economic Impact and Recovery Challenges

Since 2019, Baltimore City has lost over 1,200 hotel rooms due to permanent closures. Even with fewer rooms, occupancy remains below pre-pandemic levels, equating to nearly 440,000 fewer rooms sold in 2024 vs 2019.

Baltimore City Hotels					
	Properties	Rooms	Total Room Supply (Annual)	Occ %	Total Rooms Occupied (Annual)
2019	48	9,564	3,490,860	63.80%	2,227,169
2024	45	8,358	3,050,670	58.60%	1,787,693
Derived from 2019 and 2024 STR data					

This decline has resulted in:

- **\$80 million** in **unrealized** Baltimore City hotel **revenue** based on the 2024 average daily rate of \$182.42
- An additional **\$187 million** in **unrealized** residual **spending** by hotel guests¹
- **Unrealized tax revenue on \$267 million in hotel guest spending.** Baltimore City hotel tax collection alone would have been **\$7.6 million** if hotels had returned to 2019 occupancy levels.

HB 1508 Would Make These Challenges Worse

With hotel revenues already struggling and visitor numbers down, HB 1508 would exacerbate these issues by raising lodging costs, making Baltimore even less competitive as a destination.

- Higher hotel taxes would discourage group travel, conventions, and tourism.
- Neighboring states and jurisdictions with lower tax rates will attract visitors who might otherwise stay in Baltimore.
- The additional tax burden could slow the city's hospitality recovery even further.

If Baltimore wants to remain competitive, it must focus on attracting visitors, not pricing them out.

Conclusion

For these reasons, the Maryland Hotel Lodging Association urges an **unfavorable report on HB 1508 unless amended to exclude hotels.**

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

¹ [AHLA 2025 Economic Impact Report.pdf](#) For each \$100 spent on lodging, hotel guests spend another \$234 during their trip.