Marriott INTERNATIONAL

7750 Woodmont Avenue
Bethesda, MD 20814

HOUSE BILL 1554
HOUSE WAYS AND MEANS COMMITTEE

STATEMENT OF OPPOSITION

March 10, 2025

Marriott International, Inc. is a global lodging leader headquartered in Bethesda, Maryland. Since its founding in 1927 as a 9-seat root beer stand in Washington, DC, the company has grown to comprise more than 9,300 properties in 144 countries and territories, including over 100 hotels and 10,000 associates here in the State of Maryland.

Marriott opposes HB 1554 and respectfully requests an Unfavorable report from the committee.

As a practical matter, a tax on services functions as a tax on business inputs and in-state production of intangible – but vital – goods. In our case, Marriott International's global headquarters in Bethesda, Maryland, provides the infrastructure supporting a global network of hotels and regional offices. This includes revenue, technology, marketing, brand, and operations services sold as a bundle of professional services to hotel owners in Maryland and around the world. Many of the costs we bear in creating and maintaining these offerings stem from services procured in Maryland that form the foundation on which this network can operate soundly.

From a competitive standpoint, HB 1554 would likely put Marriott at a pricing disadvantage compared to other hotel brands headquartered outside the state of Maryland as we look to sell our services to hotel owners around the world. Marriott spends millions procuring professional services in Maryland from consultants, information technology firms, and other vendors. If non-Maryland based hospitality companies can procure similar inputs without a 2.5% surcharge, they will in turn offer hotel owners a significantly more attractive price to affiliate with their brand.

The ripple effect of increasing costs on our operations within Maryland bears emphasis as well. HB 1554 would apply this new tax to some services charged to our hotel owners, disrupting the pricing of long-term contracts. These contracts are structured around a variety of revenue metrics and the legislation would up-end critical financial assumptions within the agreements, ultimately harming our in-state owner partners, many of whom are small business owners.

Taxing services is widely considered to be difficult to administer, which is why states like Florida, Massachusetts, and Michigan have repealed past efforts to enact such a tax. Extending a sales tax to business services, especially those used by entities operating in multiple jurisdictions, creates significant compliance costs for both taxpayers and state tax administrators. There are a variety of administrative concerns to consider with such taxes, including how to source these services and interpreting what is taxable.

Marriott's longstanding presence in Maryland has helped sustain a diverse ecosystem of in-state businesses that provide a range of services in support of our operations. A tax on services as outlined in HB1554 would disadvantage Marriott and other Maryland businesses, particularly when competing with out of state entities.

We urge an Unfavorable report and appreciate your consideration.

Contact:
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