

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 153 (Dorchester County Delegation)
Ways and Means

Dorchester County Hotel Rental Tax

This bill increases from 4% to 5% the hotel rental tax rate in Dorchester County. The bill also provides for the distribution of hotel rental tax revenues. A municipality receives 80% of the revenues attributable to a hotel located in the municipality. The remainder of the revenues are distributed to the county's general fund. Under current law a municipality in Dorchester County receives no distribution of hotel rental tax revenues.

The bill is effective July 1, 1999.

Fiscal Summary

State Effect: None.

Local Effect: Dorchester County revenues decrease by approximately \$30,000 in FY 2000 and each year thereafter. Municipal revenues increase by approximately \$40,000 annually.

Small Business Effect: Minimal.

Fiscal Analysis

Local Revenues: Under the current hotel rental tax rate of 4% Dorchester County receives approximately \$40,000 annually. Changing the tax rate to 5% would increase hotel tax revenues by approximately \$10,000 annually. Under the bill 80% of tax revenues received from hotels in a municipality go to the municipality. Because the vast majority of hotels are located in municipalities, municipal revenues could increase by up to \$40,000. Dorchester County would receive 20% of hotel tax revenue, or approximately \$10,000, a \$30,000 decrease in annual revenues.

Information Source(s): Dorchester County, Department of Legislative Services

Fiscal Note History: First Reader - February 5, 1999

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