

**Department of Legislative Services**  
Maryland General Assembly  
2000 Session

**FISCAL NOTE**

House Bill 1427 (Washington County Delegation)

Ways and Means

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**Washington County Hotel Rental Tax**

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This bill increases the hotel rental tax in Washington County to 6%. Of the revenues from the tax, 45% will be used to fund the Hagerstown/Washington County Convention and Visitor's Bureau (CVB), and the rest will be placed in a special fund to be used only to develop tourism attractions, enhance economic development, and support cultural and recreational projects in the county. Municipalities in Washington County may apply to the Board of County Commissioners to receive money from the fund for eligible projects within the municipality. Each year before adopting its annual budget, the CVB must hold a public hearing on its proposed budget. Beginning in 2001, the Board of County Commissioners and the CVB must report to the county's General Assembly delegations on the revenue generated from the hotel tax and the use of the revenues during the preceding year. The tax may not be used to build a stadium unless the Maryland Stadium Authority has developed a cost and impact plan and the Washington County Commissioners and the Hagerstown City Council have approved the plan. The county Senate and House delegations must also be given an opportunity to review and comment on the stadium plan.

The bill is effective July 1, 2000.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Based on taxes collected in prior years, annual Washington County revenues from hotel tax would increase by approximately \$550,000.

**Small Business Effect:** Potential minimal.

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**Analysis**

**Current Law:** Washington County charges a hotel rental tax of 3%, the current maximum.

Most of the revenues from the tax (at least 95%) are used to underwrite the Washington County tourism budget and the CVB, and up to 5% of the revenues may be used to pay the administrative costs associated with the collection of the tax.

**Background:** In fiscal 2000, of the 23 counties and Baltimore City, five do not have a hotel rental tax, and the remaining 19 have tax rates between 3% (seven counties) and 8% (Baltimore County) for hotel and motel room rentals.

**Local Revenues:** In the past couple of years, Washington County has received an average of \$550,000 from the 3% hotel rental tax and expects to collect an additional \$550,000 by doubling the hotel tax rate. The total of approximately \$1.1 million would be appropriated to the CVB (45% or about \$495,000) and a special fund to support tourism and economic development (55% or about \$605,000). Municipalities in Washington County could apply for and receive money placed in the special fund.

**Small Business Effect:** The bill requires that revenues from the Washington County hotel rental tax that are appropriated to the special fund be used in part for economic development. To the extent that the funds accelerate economic development and business opportunities in Washington County, new and existing small businesses would profit.

**Additional Comments:** HB 1417, which would require an annual \$500,000 appropriation from Washington County to a special Washington County Water and Sewer Debt Reduction Fund, is contingent on the enactment of this bill.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 17, 2000  
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