
By: **Carroll County Delegation**

Introduced and read first time: February 10, 2005

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Carroll County - Hotel Rental Tax**

3 FOR the purpose of authorizing Carroll County to impose a hotel rental tax at not
 4 more than a certain rate; providing that the hotel rental tax does not apply to
 5 hotels in Carroll County with not more than a certain number of sleeping rooms;
 6 requiring a hotel located in Carroll County to collect the tax and to file a certain
 7 tax return and pay taxes collected on or before a certain date each month;
 8 authorizing the Commissioners of Carroll County to determine whether a hotel
 9 is eligible to receive a certain discount for administrative costs; requiring
 10 Carroll County to deduct a certain amount of the hotel rental tax revenue for
 11 administrative costs to be distributed to the general fund of the county;
 12 requiring Carroll County to distribute the remaining balance of certain hotel
 13 rental tax revenue to certain purposes; providing that in Carroll County unpaid
 14 hotel rental tax is a lien against the real and personal property of the person
 15 owing the tax; defining certain terms; and generally relating to authorizing
 16 Carroll County to impose a hotel rental tax.

17 BY repealing and reenacting, with amendments,
 18 Article 24 - Political Subdivisions - Miscellaneous Provisions
 19 Section 9-301, 9-304, 9-305, 9-310, 9-311, 9-318, and 9-325
 20 Annotated Code of Maryland
 21 (2001 Replacement Volume and 2004 Supplement)

22 BY repealing and reenacting, without amendments,
 23 Article 24 - Political Subdivisions - Miscellaneous Provisions
 24 Section 9-302, 9-303, 9-308, 9-309, 9-314 through 9-317, 9-319, 9-321
 25 through 9-324, and 9-326
 26 Annotated Code of Maryland
 27 (2001 Replacement Volume and 2004 Supplement)

28 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 29 MARYLAND, That the Laws of Maryland read as follows:

1

Article 24 - Political Subdivisions - Miscellaneous Provisions

2 9-301.

3 (a) In this subtitle the following words have the meanings indicated.

4 (b) "Authorized county" means:

5 (1) A code county;

6 (2) Calvert County;

7 (3) CARROLL COUNTY;

8 [(3)] (4) Cecil County;

9 [(4)] (5) Charles County;

10 [(5)] (6) Dorchester County;

11 [(6)] (7) Frederick County;

12 [(7)] (8) Garrett County;

13 [(8)] (9) St. Mary's County;

14 [(9)] (10) Somerset County;

15 [(10)] (11) Talbot County;

16 [(11)] (12) Washington County; and

17 [(12)] (13) Wicomico County.

18 (c) "Code county":

19 (1) Means a county that has adopted home rule under Article XI-F of the
20 Maryland Constitution; and

21 (2) Includes:

22 (i) Allegany County;

23 (ii) Caroline County;

24 (iii) Kent County;

25 (iv) Queen Anne's County; and

26 (v) Worcester County.

1 (d) (1) "Hotel" means an establishment that offers sleeping accommodations
2 for compensation.

3 (2) "Hotel" includes:

4 (i) An apartment;

5 (ii) A cottage;

6 (iii) A hostelry;

7 (iv) An inn;

8 (v) A motel;

9 (vi) A rooming house; or

10 (vii) A tourist home.

11 (e) "Hotel rental tax" means the tax authorized under this subtitle.

12 (f) (1) Except as provided in [paragraph (2)] PARAGRAPHS (2) AND (3) of this
13 subsection, "transient charge" means a hotel charge for sleeping accommodations for
14 a period not exceeding 4 consecutive months.

15 (2) In Frederick County and Washington County, "transient charge"
16 means a hotel charge for sleeping accommodations for a period not exceeding 30 days.

17 (3) IN CARROLL COUNTY, "TRANSIENT CHARGE" MEANS A HOTEL
18 CHARGE FOR SLEEPING ACCOMMODATIONS FOR A PERIOD NOT EXCEEDING 25 DAYS.

19 [(3)] (4) "Transient charge" does not include any hotel charge for
20 services or for accommodations other than sleeping accommodations.

21 9-302.

22 This subtitle allows a hotel rental tax for an authorized county.

23 9-303.

24 (a) Except as provided in subsection (c) of this section, an authorized county
25 may impose, by resolution, a tax on a transient charge paid to a hotel located in that
26 county.

27 (b) Before Calvert County, Charles County, or St. Mary's County imposes a
28 hotel rental tax, the governing body of the county shall hold a public hearing, which:

29 (1) Shall be advertised twice by publication in a newspaper of general
30 circulation in the county at least 10 days before the hearing; and

31 (2) May not be part of the annual budget hearing.

1 (c) (1) In this subsection, "population center" means any portion of Cecil
2 County, as specified by the Board of County Commissioners, that:

3 (i) Is not larger than 10 square miles in geographic area; and

4 (ii) Has a population of at least 6,000 residents.

5 (2) Cecil County may impose the hotel rental tax only on a transient
6 charge paid to a hotel located in a population center in the county.

7 9-304.

8 (a) Subject to the limitations in subsections (b) and (c) of this section, the hotel
9 rental tax rate is the rate that the authorized county sets by resolution.

10 (b) An authorized county may not set a hotel rental tax rate that exceeds:

11 (1) 3% in a code county;

12 (2) 5% in Calvert County;

13 (3) 5% IN CARROLL COUNTY;

14 [(3)] (4) 3% in Cecil County;

15 [(4)] (5) 5% in Charles County;

16 [(5)] (6) 5% in Dorchester County;

17 [(6)] (7) 5% in Frederick County;

18 [(7)] (8) 5% in Garrett County;

19 [(8)] (9) 5% in St. Mary's County;

20 [(9)] (10) 5% in Somerset County;

21 [(10)] (11) In Talbot County:

22 (i) 4% from January 1, 2005 through December 31, 2006; and

23 (ii) 3% on or after January 1, 2007; and

24 [(11)] (12) 5% in Wicomico County.

25 (c) (1) Notwithstanding subsection (b)(1) of this section, a code county, other
26 than a code county in the Western Maryland class, may set a hotel rental tax rate that
27 is greater than 3%, but not exceeding 5%, with the unanimous consent of the county
28 commissioners for the county.

29 (2) Notwithstanding subsection (b)(1), a code county in the Western
30 Maryland class may set a hotel rental tax rate that is greater than 3%, but not

1 exceeding 8%, with the unanimous consent of the county commissioners for the
2 county.

3 (d) The hotel rental tax rate in Washington County is 6%.

4 9-305.

5 (a) Calvert County and St. Mary's County may provide, by resolution, a tax
6 exemption for classes of hotels.

7 (b) In Frederick County, the hotel rental tax does not apply to a hotel with 10
8 or fewer sleeping rooms in its main building and no more than 20 additional sleeping
9 rooms in auxiliary structures on the hotel's property.

10 (c) In Washington County, the hotel rental tax does not apply to a transient
11 charge paid to a hotel by:

12 (1) The federal government;

13 (2) A state; or

14 (3) An agency or instrumentality of a state or of the federal government.

15 (D) IN CARROLL COUNTY, THE HOTEL RENTAL TAX DOES NOT APPLY TO A
16 HOTEL WITH 10 OR FEWER SLEEPING ROOMS.

17 9-308.

18 A person shall pay the hotel rental tax to the hotel when the person pays the
19 transient charge.

20 9-309.

21 (a) A hotel shall:

22 (1) Give the person who is required to pay a transient charge a bill that
23 identifies the transient charge as a separate item from any other charge; and

24 (2) Collect the hotel rental tax from the person who pays the transient
25 charge.

26 (b) A hotel holds hotel rental tax collected in trust for the authorized county
27 that imposes the tax until the hotel pays the tax to that county as required under this
28 subtitle.

29 9-310.

30 (a) A hotel shall complete, sign, and file a hotel rental tax return with:

31 (1) A code county, on or before the 10th day of each month;

- 1 (2) Calvert County, on or before the 21st day of each month;
- 2 (3) CARROLL COUNTY, ON OR BEFORE THE 21ST DAY OF EACH MONTH;
- 3 [(3)] (4) Cecil County, on or before the 10th day of each month;
- 4 [(4)] (5) Charles County, on or before the 21st day of each month;
- 5 [(5)] (6) Dorchester County, on or before the 21st day of each month;
- 6 [(6)] (7) Frederick County, on or before the 21st day of each month;
- 7 [(7)] (8) Garrett County, on or before the 21st day of each month;
- 8 [(8)] (9) St. Mary's County, on or before the 21st day of each month;
- 9 [(9)] (10) Somerset County, on or before the 21st day of each month;
- 10 [(10)] (11) Talbot County, on or before the 20th day of each month;
- 11 [(11)] (12) Washington County, on or before the 25th day of each month;
- 12 and
- 13 [(12)] (13) Wicomico County, on or before the 20th day of each month.

14 (b) A hotel rental tax return for an authorized county:

- 15 (1) Shall be made on the form that the county requires;
- 16 (2) Shall contain the information that the county requires, including the
- 17 amount of:
- 18 (i) Transient charges paid to the hotel during the prior calendar
- 19 month; and
- 20 (ii) The hotel rental tax required to be collected during the prior
- 21 calendar month.

22 9-311.

23 (a) A hotel shall pay to the authorized county that imposes the hotel rental tax

24 the tax collected for a calendar month with the return that covers that month.

25 (b) (1) Except as provided in paragraph (2) of this subsection, a hotel is

26 allowed, for administrative costs, a discount equal to 1.5% of the gross amount of

27 hotel rental tax collected, if, on or before the due date, the hotel:

- 28 (i) Files the hotel rental tax return; and
- 29 (ii) Pays the hotel rental tax.

1 (2) The Commissioners of Calvert County, CARROLL COUNTY, Charles
2 County, St. Mary's County, and Washington County may determine whether a hotel is
3 eligible to receive a discount.

4 9-314.

5 An authorized county shall administer the hotel rental tax for that county.

6 9-315.

7 To provide for orderly, systematic, and thorough administration of the hotel
8 rental tax, an authorized county may adopt regulations that:

9 (1) Are consistent with this subtitle; and

10 (2) Conform to the applicable provisions and regulations for the sales
11 and use tax under Title 11 of the Tax - General Article.

12 9-316.

13 (a) The Comptroller shall provide an authorized county with information to
14 help the county to verify hotel rental tax liability.

15 (b) (1) The Comptroller may charge an authorized county a reasonable fee
16 for the cost of providing information.

17 (2) The county shall treat the fee as a hotel rental tax administrative
18 cost.

19 9-317.

20 (a) To cover the revenue that a treasurer collects under this subtitle, an
21 authorized county may increase the surety bond that the county requires for its
22 treasurer.

23 (b) The county shall treat any additional premium due to a surety bond
24 increase allowed under subsection (a) of this section as a hotel rental tax
25 administrative cost.

26 9-318.

27 (a) Except for Talbot County, Washington County, Dorchester County, [and]
28 Frederick County, AND CARROLL COUNTY, an authorized county shall distribute the
29 hotel rental tax revenue as follows:

30 (1) From the total revenue, a reasonable sum for hotel rental tax
31 administrative costs to the general fund of the county;

32 (2) In a code county and Calvert, Cecil, Garrett, and St. Mary's counties,
33 after the distribution in item (1) of this subsection, the revenue attributable to a hotel
34 located in a municipal corporation to the municipal corporation; and

- 1 (3) The remaining balance to the general fund of the county.
- 2 (b) (1) Cecil County may not deduct more than 5% of the revenue for
3 administrative costs under subsection (a)(1) of this section.
- 4 (2) Garrett County shall designate a part of the balance under
5 subsection (a)(3) of this section for the promotion of the county.
- 6 (3) (i) Wicomico County may not deduct more than 5% of the revenue
7 for administrative costs under subsection (a)(1) of this section.
- 8 (ii) If Wicomico County authorizes a hotel rental tax rate of 5%, the
9 county shall distribute:
- 10 1. 20% of the revenue to the Salisbury Zoological Park; and
- 11 2. 20% of the revenue to the Tourism Center for Wicomico
12 County to be used for its operation and maintenance.
- 13 (iii) Wicomico County shall deposit all remaining revenues, after the
14 distributions under subsection (a)(1) of this section and subparagraphs (ii) and (iii) of
15 this paragraph in the general funds of Wicomico County to underwrite the Wicomico
16 County Convention and Visitors Bureau.
- 17 (4) (i) For purposes of this paragraph, actual administrative costs
18 mean costs incurred for wages, postage, and supplies.
- 19 (ii) Washington County:
- 20 1. Shall distribute 45% of the total hotel rental tax revenue
21 collected in the county to the general fund of Washington County to be used to fund
22 the Hagerstown/Washington County Convention and Visitors Bureau; and
- 23 2. Shall distribute the remaining balance after the
24 distribution under item 1 of this subparagraph to a special fund, to be used only to
25 cover actual administrative costs and legal fees incurred in administering the hotel
26 rental tax, develop tourism attractions, enhance economic development, and support
27 cultural and recreational projects in Washington County.
- 28 (iii) A municipal corporation in Washington County may apply to
29 the Board of County Commissioners of Washington County for funding from the
30 special fund established under subparagraph (ii)2 of this paragraph for an eligible
31 project within the municipal corporation.
- 32 (iv) Each year before adoption of its annual budget, the
33 Hagerstown/Washington County Convention and Visitors Bureau shall hold a public
34 hearing on the proposed annual budget.
- 35 (v) On or before September 1 of each year beginning in 2001:

1 1. The Board of County Commissioners of Washington
2 County shall report to the Washington County Senate and House Delegations of the
3 General Assembly on the hotel rental tax revenue collected and the use of the hotel
4 rental tax revenue for the preceding fiscal year; and

5 2. The Hagerstown/Washington County Convention and
6 Visitors Bureau shall report to the Washington County Senate and House Delegations
7 of the General Assembly on its use of the hotel rental tax revenue for the preceding
8 fiscal year.

9 (5) (i) Frederick County shall distribute the hotel rental tax revenue
10 as follows:

11 1. From the total revenue, a reasonable sum for hotel rental
12 tax administrative costs to the general fund of the county; and

13 2. The remaining balance to the Tourism Council of
14 Frederick County, Inc., with a portion of the balance designated by the County
15 Commissioners to be used for a visitor center.

16 (ii) The internal auditor of the county shall conduct an audit of the
17 financial records of the Tourism Council and report the findings to the County
18 Commissioners.

19 (6) Dorchester County shall distribute:

20 (i) 80% of the revenues attributable to a hotel located in a
21 municipal corporation to that municipal corporation; and

22 (ii) The remaining revenues to the general fund of the county.

23 (7) CARROLL COUNTY SHALL DISTRIBUTE THE HOTEL RENTAL TAX
24 REVENUE AS FOLLOWS:

25 (I) A REASONABLE SUM FOR HOTEL RENTAL TAX ADMINISTRATIVE
26 COSTS TO THE GENERAL FUND OF THE COUNTY; AND

27 (II) THE REMAINING BALANCE TO THE TOURISM AND GENERAL
28 PROMOTION OF CARROLL COUNTY.

29 [(7)] (8) Notwithstanding subsection (a)(2) of this section, if a code
30 county in the Western Maryland class imposes a tax rate greater than 5%, the
31 revenue attributable to the rate greater than 5% and attributable to a hotel located in
32 a municipal corporation shall be distributed to the general fund of the county instead
33 of to the municipal corporation.

34 (c) An authorized county shall make the distributions required under this
35 section between the 15th day and the 30th day of each calendar month.

1 9-319.

2 (a) (1) No later than October 1st of each year, a code county in the Western
3 Maryland class shall prepare a report on the hotel rental tax for public distribution.

4 (2) The report shall be published in a newspaper of general circulation in
5 the county and posted on the county's Internet website.

6 (3) The report shall include:

7 (i) The amount of revenue the county collected from the hotel
8 rental tax in the previous fiscal year;

9 (ii) An itemized statement of the use of hotel rental tax revenue;
10 and

11 (iii) The name and salary of each position within the county agency
12 that administers the hotel rental tax.

13 (b) A code county in the Western Maryland class shall provide a copy of any
14 audits performed annually relating to the hotel rental tax to the county Senate and
15 House Delegations of the General Assembly.

16 9-321.

17 (a) If a hotel fails to pay the hotel rental tax as required by this subtitle, the
18 hotel shall pay interest on the unpaid tax from the date on which the hotel is required
19 to pay the tax to the date that the tax is paid.

20 (b) The interest rate for each month or fraction of a month is:

21 (1) For Cecil County, Talbot County, Washington County, Wicomico
22 County, and Dorchester County, 1%; and

23 (2) For any other authorized county, 0.5%.

24 9-322.

25 (a) If a hotel fails to pay the hotel rental tax to an authorized county, except
26 Talbot County or Wicomico County, within 1 month after the payment is due under §
27 9-311 of this subtitle, the hotel shall pay a tax penalty of 10% of the unpaid tax.

28 (b) If a hotel fails to pay the hotel rental tax to Talbot County or Wicomico
29 County within 120 days after the payment is due under § 9-311 of this subtitle, the
30 hotel shall pay a tax penalty of 10% of the unpaid tax.

31 9-323.

32 An authorized county may file a civil action to collect unpaid hotel rental tax.

1 9-324.

2 An authorized county may collect unpaid hotel rental tax by distraint.

3 9-325.

4 Unpaid hotel rental tax in a code county, CARROLL COUNTY, Cecil County,
5 Charles County, Dorchester County, Frederick County, Garrett County, Somerset
6 County, Talbot County, Washington County, and Wicomico County is a lien against the
7 real and personal property of the person owing the tax and is collectible in the same
8 manner as the property tax may be collected under the Tax - Property Article.

9 9-326.

10 (a) (1) To protect hotel rental tax revenue, an authorized county may require
11 a hotel to file security with that county in an amount that the county determines.

12 (2) Cecil, Talbot, and Wicomico counties may require security under this
13 section only if a hotel has been in default.

14 (b) Security under this section shall be:

15 (1) A bond issued by a surety company that is:

16 (i) Authorized to do business in the State; and

17 (ii) Approved by the Insurance Commissioner as to solvency and
18 responsibility;

19 (2) Cash; or

20 (3) Securities approved by the county.

21 (c) If security is required under this section, the county shall give the hotel
22 notice of the amount of security.

23 (d) Within 5 days after a hotel receives notice that security is required, the
24 hotel shall:

25 (1) File the security; or

26 (2) Submit a written request for a hearing on the security requirement.

27 (e) (1) If a hearing is requested, the county shall hold a hearing to
28 determine the necessity, propriety, and amount of the security.

29 (2) The determination at the hearing is final, and the hotel shall comply
30 within 15 days after the hotel receives notice of the determination.

31 (f) Without notice to the hotel that files security under subsection (b)(2) or (3)
32 of this section, the county at any time may:

- 1 (1) Apply the cash to the hotel rental tax due; or
- 2 (2) Sell the security and apply the proceeds of the sale to the hotel rental
- 3 tax due.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
5 effect October 1, 2005.