
By: Carroll County Delegation

Introduced and read first time: February 10, 2005

Assigned to: Ways and Means

Committee Report: Favorable

House action: Adopted

Read second time: March 22, 2005

CHAPTER_____

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

1 Annotated Code of Maryland
2 (2001 Replacement Volume and 2004 Supplement)

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

5 **Article 24 - Political Subdivisions - Miscellaneous Provisions**

6 9-301.

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

8 (b) "Authorized county" means:

9 (1) A code county;

10 (2) Calvert County;

11 (3) CARROLL COUNTY;

12 [(3)] (4) Cecil County;

13 [(4)] (5) Charles County;

14 [(5)] (6) Dorchester County;

15 [(6)] (7) Frederick County;

16 [(7)] (8) Garrett County;

17 [(8)] (9) St. Mary's County;

18 [(9)] (10) Somerset County;

19 [(10)] (11) Talbot County;

20 [(11)] (12) Washington County; and

21 [(12)] (13) Wicomico County.

22 (c) "Code county":

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

25 (2) Includes:

26 (i) Allegany County;

27 (ii) Caroline County;

- 1 (iii) Kent County;
- 2 (iv) Queen Anne's County; and
- 3 (v) Worcester County.

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

6 (2) "Hotel" includes:

- 7 (i) An apartment;
- 8 (ii) A cottage;
- 9 (iii) A hostelry;
- 10 (iv) An inn;
- 11 (v) A motel;
- 12 (vi) A rooming house; or
- 13 (vii) A tourist home.

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

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

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

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

22 [(3)] (4) "Transient charge" does not include any hotel charge for
23 services or for accommodations other than sleeping accommodations.

24 9-302.

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

26 9-303.

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

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

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

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

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

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

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

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

12 9-304.

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

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

16 (1) 3% in a code county;

17 (2) 5% in Calvert County;

18 (3) 5% IN CARROLL COUNTY;

19 [(3)] (4) 3% in Cecil County;

20 [(4)] (5) 5% in Charles County;

21 [(5)] (6) 5% in Dorchester County;

22 [(6)] (7) 5% in Frederick County;

23 [(7)] (8) 5% in Garrett County;

24 [(8)] (9) 5% in St. Mary's County;

25 [(9)] (10) 5% in Somerset County;

26 [(10)] (11) In Talbot County:

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

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

29 [(11)] (12) 5% in Wicomico County.

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

5 (2) Notwithstanding subsection (b)(1), a code county in the Western
6 Maryland class may set a hotel rental tax rate that is greater than 3%, but not
7 exceeding 8%, with the unanimous consent of the county commissioners for the
8 county.

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

10 9-305.

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

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

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

18 (1) The federal government;

19 (2) A state; or

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

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

23 9-308.

24 A person shall pay the hotel rental tax to the hotel when the person pays the
25 transient charge.

26 9-309.

27 (a) A hotel shall:

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

30 (2) Collect the hotel rental tax from the person who pays the transient
31 charge.

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

1 9-310.

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

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

4 (2) Calvert County, on or before the 21st day of each month;

5 (3) CARROLL COUNTY, ON OR BEFORE THE 21ST DAY OF EACH MONTH;

6 [(3)] (4) Cecil County, on or before the 10th day of each month;

7 [(4)] (5) Charles County, on or before the 21st day of each month;

8 [(5)] (6) Dorchester County, on or before the 21st day of each month;

9 [(6)] (7) Frederick County, on or before the 21st day of each month;

10 [(7)] (8) Garrett County, on or before the 21st day of each month;

11 [(8)] (9) St. Mary's County, on or before the 21st day of each month;

12 [(9)] (10) Somerset County, on or before the 21st day of each month;

13 [(10)] (11) Talbot County, on or before the 20th day of each month;

14 [(11)] (12) Washington County, on or before the 25th day of each month;

15 and

16 [(12)] (13) Wicomico County, on or before the 20th day of each month.

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

18 (1) Shall be made on the form that the county requires;

19 (2) Shall contain the information that the county requires, including the
20 amount of:

21 (i) Transient charges paid to the hotel during the prior calendar
22 month; and

23 (ii) The hotel rental tax required to be collected during the prior
24 calendar month.

25 9-311.

26 (a) A hotel shall pay to the authorized county that imposes the hotel rental tax
27 the tax collected for a calendar month with the return that covers that month.

28 (b) (1) Except as provided in paragraph (2) of this subsection, a hotel is
29 allowed, for administrative costs, a discount equal to 1.5% of the gross amount of
30 hotel rental tax collected, if, on or before the due date, the hotel:

1 (i) Files the hotel rental tax return; and

2 (ii) Pays the hotel rental tax.

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

6 9-314.

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

8 9-315.

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

11 (1) Are consistent with this subtitle; and

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

14 9-316.

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

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

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

21 9-317.

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

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

28 9-318.

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

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

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

4 (3) The remaining balance to the general fund of the county.

5 (b) (1) Cecil County may not deduct more than 5% of the revenue for
6 administrative costs under subsection (a)(1) of this section.

7 (2) Garrett County shall designate a part of the balance under
8 subsection (a)(3) of this section for the promotion of the county.

9 (3) (i) Wicomico County may not deduct more than 5% of the revenue
10 for administrative costs under subsection (a)(1) of this section.

11 (ii) If Wicomico County authorizes a hotel rental tax rate of 5%, the
12 county shall distribute:

13 1. 20% of the revenue to the Salisbury Zoological Park; and

14 2. 20% of the revenue to the Tourism Center for Wicomico
15 County to be used for its operation and maintenance.

16 (iii) Wicomico County shall deposit all remaining revenues, after the
17 distributions under subsection (a)(1) of this section and subparagraphs (ii) and (iii) of
18 this paragraph in the general funds of Wicomico County to underwrite the Wicomico
19 County Convention and Visitors Bureau.

20 (4) (i) For purposes of this paragraph, actual administrative costs
21 mean costs incurred for wages, postage, and supplies.

22 (ii) Washington County:

23 1. Shall distribute 45% of the total hotel rental tax revenue
24 collected in the county to the general fund of Washington County to be used to fund
25 the Hagerstown/Washington County Convention and Visitors Bureau; and

26 2. Shall distribute the remaining balance after the
27 distribution under item 1 of this subparagraph to a special fund, to be used only to
28 cover actual administrative costs and legal fees incurred in administering the hotel
29 rental tax, develop tourism attractions, enhance economic development, and support
30 cultural and recreational projects in Washington County.

31 (iii) A municipal corporation in Washington County may apply to
32 the Board of County Commissioners of Washington County for funding from the
33 special fund established under subparagraph (ii)2 of this paragraph for an eligible
34 project within the municipal corporation.

1 (iv) Each year before adoption of its annual budget, the
2 Hagerstown/Washington County Convention and Visitors Bureau shall hold a public
3 hearing on the proposed annual budget.

4 (v) On or before September 1 of each year beginning in 2001:

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

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

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

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

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

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

23 (6) Dorchester County shall distribute:

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

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

27 (7) CARROLL COUNTY SHALL DISTRIBUTE THE HOTEL RENTAL TAX
28 REVENUE AS FOLLOWS:

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

31 (II) THE REMAINING BALANCE TO THE TOURISM AND GENERAL
32 PROMOTION OF CARROLL COUNTY.

33 [(7)] (8) Notwithstanding subsection (a)(2) of this section, if a code
34 county in the Western Maryland class imposes a tax rate greater than 5%, the
35 revenue attributable to the rate greater than 5% and attributable to a hotel located in

1 a municipal corporation shall be distributed to the general fund of the county instead
2 of to the municipal corporation.

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

5 9-319.

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

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

10 (3) The report shall include:

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

13 (ii) An itemized statement of the use of hotel rental tax revenue;
14 and

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

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

20 9-321.

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

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

25 (1) For Cecil County, Talbot County, Washington County, Wicomico
26 County, and Dorchester County, 1%; and

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

28 9-322.

29 (a) If a hotel fails to pay the hotel rental tax to an authorized county, except
30 Talbot County or Wicomico County, within 1 month after the payment is due under §
31 9-311 of this subtitle, the hotel shall pay a tax penalty of 10% of the unpaid tax.

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

1 9-323.

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

3 9-324.

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

5 9-325.

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

11 9-326.

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

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

16 (b) Security under this section shall be:

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

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

19 (ii) Approved by the Insurance Commissioner as to solvency and
20 responsibility;

21 (2) Cash; or

22 (3) Securities approved by the county.

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

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

27 (1) File the security; or

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

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

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

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

5 (1) Apply the cash to the hotel rental tax due; or

6 (2) Sell the security and apply the proceeds of the sale to the hotel rental
7 tax due.

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