

Department of Legislative Services  
Maryland General Assembly  
2006 Session

FISCAL AND POLICY NOTE

House Bill 351  
Ways and Means

(Delegates Haddaway and Eckardt)

Budget and Taxation

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Talbot County - Hotel Rental Tax Rate

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This bill provides for the continuation of the current 4% hotel rental tax rate in Talbot County by repealing a provision reducing the maximum rate to 3% on or after January 1, 2007.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Talbot County hotel tax revenue would increase annually by \$238,750 beginning in calendar 2007. Of the total, \$171,250 would be allocated to municipalities and \$67,500 would be retained by the county.

**Small Business Effect:** Potential minimal.

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Analysis

**Current Law:** Pursuant to Chapter 384 of 2004, the Talbot County hotel rental tax rate is 4% from January 1, 2005 through December 31, 2006. The rate thereafter is 3%. County law requires any hotel tax revenue generated within a municipality to be returned to the municipality.

**Background:** There are five municipalities in Talbot County: Easton, Oxford, Queen Anne, St. Michael's, and Trappe. The towns of Easton, Oxford, and St. Michael's have hotels and receive hotel rental tax revenues generated in their jurisdiction. The towns of Queen Anne and Trappe do not have hotels.

**Local Revenues:** The current 4% Talbot County hotel tax generates revenue of \$955,000 annually. Assuming hotel rental activity remains constant, Talbot County hotel tax revenue would increase by an estimated \$238,750 annually as a result of the continuation of the 4% rate. Of that amount the county share is \$67,500 and the municipal share is \$171,250. **Exhibit 1** shows the hotel rental tax rates in fiscal 2006 for each jurisdiction.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 609 (Senator Colburn) – Budget and Taxation.

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

**Fiscal Note History:** First Reader - February 20, 2006  
ncs/hlb

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**Exhibit 1**  
**Local Hotel Tax Rates in Fiscal 2006**

Allegany	8.0%	Charles	5.0%	Prince George's	5.0%
Anne Arundel	7.0%	Dorchester	5.0%	Queen Anne's	5.0%
Baltimore City	7.5%	Frederick	3.0%	St. Mary's	5.0%
Baltimore	8.0%	Garrett	5.0%	Somerset	5.0%
Calvert	5.0%	Harford	0.0%	<b>Talbot</b>	<b>4.0%</b>
Caroline	5.0%	Howard	5.0%	Washington	6.0%
Carroll	5.0%	Kent	5.0%	Wicomico	6.0%
Cecil	5.0%	Montgomery	7.0%	Worcester	4.0%

Source: Department of Legislative Services

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