

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

Senate Bill 846

(Senator Conway)(By Request - Baltimore City  
Administration)

Budget and Taxation

Ways and Means

---

**Baltimore City - Hotel Room Tax - Convention Center Promotion and  
Operations**

---

This bill extends until July 1, 2022, the requirement that Baltimore City appropriate at least 40% of hotel room tax proceeds to Visit Baltimore for convention center marketing and tourism promotion and also authorizes the proceeds to be used for convention center operations.

The bill takes effect June 1, 2017.

---

**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Baltimore City's mandatory expenditures for convention center marketing, operations, and tourism promotion will continue through FY 2022.

**Small Business Effect:** Minimal.

---

**Analysis**

**Current Law:** Baltimore City must appropriate, from the city's general fund, an amount equal to at least 40% of the proceeds of the hotel room tax for convention center marketing and tourism promotion. Hotel tax revenues are also used for debt service for the expansion of the Baltimore Convention Center. Any remaining funds after these distributions go to the city's general fund. The current Baltimore City hotel room tax is 9.5%.

**Background:** Chapter 197 of 2012 extended until July 1, 2017, the requirement that Baltimore City appropriate at least 40% of hotel room tax proceeds to Visit Baltimore.

Chapter 151 of 2007 extended until July 1, 2012, the requirement that Baltimore City appropriate at least 40% of hotel room tax proceeds to convention center marketing and tourism promotion and specified that this appropriation be made to the Baltimore Area Convention and Visitors Association. Chapter 151 also repealed an obsolete provision of law that limited the Baltimore City hotel room tax rate from exceeding 7.5%. Chapter 665 of 1996 limited the hotel room tax in Baltimore City to 7.5% for fiscal 1997 only. Chapters 611 and 612 of 1997 extended this limitation for five years and required Baltimore City to appropriate at least 40% of the tax proceeds for convention center marketing and tourism promotional activities. Chapter 387 of 2001 extended this requirement until July 1, 2007.

Visit Baltimore is a nonprofit organization that provides a positive economic impact for Baltimore City by attracting trade conventions and group/leisure visitors through destination sales and marketing efforts for various stakeholders, including hotels, restaurants, attractions, and the city government.

**Local Fiscal Effect:** Baltimore City’s hotel room tax rate of 9.5% is expected to generate \$33.0 million in fiscal 2017, with approximately \$13.5 million being distributed to Visit Baltimore. In some years an adjustment is made to the amount of revenue distributed to Visit Baltimore based on actual collections two years prior so that Visit Baltimore receives its required 40% distribution.

---

**Exhibit 1**  
**Distribution of Baltimore City Hotel Tax Revenues**  
**Fiscal 2007-2017**

<u>Fiscal Year</u>	<u>Hotel Tax Revenue</u>	<u>Debt Service</u>	<u>City Government</u>	<u>Visit Baltimore</u>
2007	\$20,499,095	\$4,642,466	\$7,348,777	\$8,507,852
2008	21,711,542	4,516,290	7,845,268	9,349,985
2009	20,660,154	4,463,061	7,135,055	9,062,038
2010	19,037,753	4,344,317	6,467,219	8,226,217
2011	27,149,826	4,654,131	13,141,233	9,354,462
2012	32,559,735	4,654,771	11,120,615	9,894,021
2013	30,478,932	4,546,581	14,380,021	11,552,330
2014	31,304,748	4,559,888	13,583,381	13,161,479
2015	32,666,250	4,987,956	13,391,879	14,286,415
2016*	34,147,258	4,516,761	15,676,398	13,954,099
2017**	33,000,000	4,580,088	14,953,812	13,466,100

\*Unaudited

\*\*Estimated

Source: Baltimore City

---

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1030 (Delegate Anderson) - Ways and Means.

**Information Source(s):** Baltimore City; Department of Legislative Services

**Fiscal Note History:** First Reader - February 28, 2017  
mm/jrb Third Reader - March 29, 2017  
Revised - Amendment(s) - March 29, 2017

---

Analysis by: Michael Sanelli

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510