

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 842
Ways and Means

(Calvert County Delegation)

Budget and Taxation

Calvert County - Hotel Rental Tax - Distribution of Revenue

This bill establishes a Tourism Development Incentive Fund in Calvert County and requires revenue from the county's hotel rental tax to be distributed into the fund. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: None.

Local Effect: Calvert County general fund revenues decrease by approximately \$750,000 annually beginning in FY 2023 and special fund revenues and expenditures increase by a commensurate amount beginning in FY 2023. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Bill Summary: Revenues from the Tourism Development Incentive Fund must be distributed as follows: (1) a reasonable amount to the general fund for the administration of the hotel rental tax; (2) to municipalities in the county, revenues attributable to a hotel located in the municipality; and (3) the remainder to market Calvert County to potential visitors and to provide grants to businesses and organizations to pay the application and permit fees required by the county to hold a special event in the county. Any unexpended funds at the end of each fiscal year must be distributed to the county general fund.

Current Law: Calvert County imposes a 5% hotel rental tax.

Local Fiscal Effect: The Calvert County fiscal 2022 budget assumes \$750,000 in hotel rental tax revenues, which are distributed to the county general fund. In addition, the county pays approximately \$95,000 annually to the Town of Chesapeake Beach for their portion of hotel rental tax revenues. As a result of the reallocation of hotel rental tax revenues pursuant to the bill, Calvert County general fund revenues will decrease by approximately \$750,000 annually beginning in fiscal 2023, and special fund revenues and expenditures will increase by a commensurate amount beginning in fiscal 2023. The Town of Chesapeake Beach will continue to receive their current share of hotel rental tax revenues generated from hotels within the municipality.

Information on local hotel rental tax rates and revenues is provided in the [County Revenue Outlook](#) report. A copy of the report is available on the Department of Legislative Services [website](#).

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Calvert County; Comptroller's Office; Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2022
rh/hlb Third Reader - March 22, 2022
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Analysis by: Michael Sanelli

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