

**Department of Legislative Services**  
 Maryland General Assembly  
 2025 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 132 (Senator Feldman)  
 Education, Energy, and the Environment and  
 Budget and Taxation

**Short-Term Rentals and Home Amenity Rentals - Taxation, Regulation, and Crimes**

This bill imposes the local hotel rental tax on short-term rentals by including short-term rental platforms and short-term rental units in the definition of hotel for the purpose of collecting the county and municipal hotel rental tax. In addition, the bill applies specified health and safety requirements to short-term rental units and home amenity rentals and prohibits specified activities from occurring at these locations. Local governments are authorized to adopt certain rules or regulations relating to short-term rentals. **The bill takes effect July 1, 2025.**

**Fiscal Summary**

**State Effect:** General fund expenditures for computer programming at the Comptroller’s Office increase by \$1.0 million in FY 2026. State revenues are not affected.

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.0	0	0	0	0
Net Effect	(\$1.0)	\$0.0	\$0.0	\$0.0	\$0.0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Local hotel rental tax revenues increase by a significant amount beginning in FY 2026. Local expenditures are not significantly affected.

**Small Business Effect:** Minimal.

## Analysis

**Bill Summary:** Under the bill, short-term rental units and home amenity rentals must comply with the health and safety provisions that a county and municipality impose on hotels or similar amenities located in the jurisdiction. In addition, short-term rental units and home amenity rentals must comply with specified health and safety requirements regarding evacuation procedures in case of fire established under Title 9, Subtitle 5 of the Public Safety Article.

The bill also defines short-term rental units and home amenity rentals as (1) a property or a portion of a property in which a private place may be located for purposes under the Criminal Law Article regarding visual surveillance with prurient interest; and (2) a public place for purposes under the Criminal Law Article regarding disturbing the public peace and disorderly conduct.

The bill requires the rental intermediary to provide the owner of the short-term rental unit or home amenity with the necessary funds to comply with the requirements of the bill.

Local governments are authorized to adopt rules or regulations that define a high-intensity use of short-term rentals based on (1) the number of nights booked; (2) infrastructure constraints in the area surrounding the short-term rental units; (3) whether the short-term rental units are owner-occupied; (4) criteria to identify areas lacking an adequate supply of affordable housing; and (5) any other criteria relating to short-term rentals.

Each owner of a short-term rental unit or home amenity must report to the Comptroller by January 1 each year, the following monthly data for the prior calendar year: (1) the number of nights each short-term rental unit is rented; and (2) the number of times each home amenity is rented. The Comptroller must develop a form for the annual reporting required and post the form on the Comptroller's website.

### **Current Law:**

#### *Short-term Rental Units*

Chapters 704 and 758 of 2019 imposed the State sales and use tax on specified short-term rental transactions facilitated by a short-term rental platform and required short-term rental platforms to collect and remit the State sales and use tax. A short-term rental is defined as the temporary use of a short-term rental unit to provide accommodation to transient guests for lodging purposes in exchange for consideration. A short-term rental platform is an Internet-based digital entity that (1) advertises the availability of short-term rental units for rent; and (2) receives compensation for facilitating reservations or processing booking transactions on behalf of the owner, operator, or manager of a short-term rental unit.

## *Home Amenity Rentals*

Chapter 805 of 2023 imposed the State sales and use tax on specified home amenity rentals and authorized counties and municipalities to impose a home amenity rental tax. In Calvert, Charles, and St. Mary's counties, the county must hold a public hearing before imposing a home amenity rental tax. The county home amenity rental tax rate must be set by the county through a resolution; however, in certain counties the tax rate cannot exceed a certain limit, as shown in **Exhibit 1**. Counties may adopt regulations to provide for the orderly, systematic, and thorough administration of the home amenity rental tax that are consistent with the legislation and conform to the applicable provisions and regulations for the sales and use tax under Title 11 of the Tax – General Article.

Chapter 805 also authorized municipalities to impose, by ordinance or resolution, a home amenity rental tax. A municipality is prohibited from imposing a home amenity rental tax if the municipality is located in a county that does not impose a home amenity rental tax. A municipal home amenity rental tax may not exceed 1%. A municipality that imposes a home amenity rental tax may provide for the administration and collection of the tax.

**State Expenditures:** As noted, the bill requires the Comptroller's Office to develop a form for the annual reporting of specified rental data by owners of short-term rental units or home amenities. As a result, the Comptroller indicates that general fund expenditures could increase by \$800,000 to \$1.2 million in fiscal 2026 for the development and implementation of the new form and reports in the Compass Division's Integrated Tax, Portal, and Imaging Systems. The Department of Legislative Services (DLS) is unable to independently verify the Comptroller's estimate but acknowledges that computer programming costs are likely significant.

**Local Fiscal Effect:** The bill expands the definition of hotel to include short-term rental platforms and short-term rental units and subjects them to the local hotel rental tax. As a result, local hotel rental tax revenues increase beginning in fiscal 2026. The amount of the revenue increase cannot be reliably estimated and depends on the number of short-term rental platforms and short-term rental units in each jurisdiction, the number of days occupied, and the charges subject to local hotel rental tax rates.

As a point of reference, an Internet search indicates that there are over 8,270 Airbnb and VRBO rental units in Maryland.

Hotel rental taxes are imposed in all counties in Maryland. In several jurisdictions, revenues collected from the hotel rental tax are shared with municipalities and community organizations. A few municipalities are also authorized to impose a hotel rental tax or to collect the county tax within their jurisdiction.

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**Exhibit 1**  
**County Home Amenity Rental Tax Rates**

<b>County</b>	<b>Tax Rate</b>
Allegany	up to 4%*
Anne Arundel	set by resolution
Baltimore City	set by resolution
Baltimore	set by resolution
Calvert	up to 2.5%
Caroline	up to 2.5%*
Carroll	up to 2.5%
Cecil	up to 1.5%
Charles	up to 2.5%*
Dorchester	up to 2.5%
Frederick	up to 2.5%
Garrett	up to 4%
Harford	set by resolution
Howard	set by resolution
Kent	up to 2.5%*
Montgomery	set by resolution
Prince George's	set by resolution
Queen Anne's	up to 2.5%*
St. Mary's	up to 2.5%
Somerset	up to 2.5%
Talbot	up to 2%
Washington	3%
Wicomico	up to 3%
Worcester	up to 2.5%*

\* With unanimous consent of county commissioners.

Source: Department of Legislative Services

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In fiscal 2025, county governments expect to collect \$136.7 million in revenue from the hotel rental tax. Additional information on local hotel rental tax rates and revenues can be found in the [County Revenue Outlook Report – Fiscal 2025](#). A copy of the report is available on the DLS [website](#).

## **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** HB 87 (Delegate Foley) - Ways and Means and Environment and Transportation.

**Information Source(s):** Baltimore, Carroll, Queen Anne's, and St. Mary's counties; City of College Park; Administrative Office of the Courts; Comptroller's Office; Department of Legislative Services

**Fiscal Note History:** First Reader - January 27, 2025  
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