

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1523

(Chair, Howard County Delegation)

Ways and Means

Budget and Taxation

Howard County - Room Rental Tax - Maximum Rate and Distribution
Ho. Co. 18-25

This bill authorizes Howard County to increase the county hotel rental tax rate from 7% to 8%. Any revenue from the hotel rental tax in excess of 7% must be distributed to the Howard County Tourism Council. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: None.

Local Effect: Howard County hotel rental tax revenues increase by approximately \$828,600 annually beginning in FY 2026 if the tax rate is increased from 7% to 8%. Revenues for the Howard County Tourism Council increase by a commensurate amount.

Small Business Effect: Minimal.

Analysis

Current Law: Howard County is authorized to impose a hotel rental tax of up to 7%. The first 5% of the rate is distributed to the county's general fund. The revenue collected above the 5% rate is allocated as follows: one-third is designated to the Economic Development Authority, and two-thirds are dedicated to the Howard County Tourism Council.

Hotel Rental Taxes

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.

Additional information on local hotel rental tax rates and revenues for Maryland counties and Baltimore City can be found in the [County Revenue Outlook Report](#). A copy of the report is available on the Department of Legislative Services [website](#).

Local Fiscal Effect: In fiscal 2025, Howard County is expected to collect \$5.8 million from the hotel rental tax, which is currently set at 7%. Of this amount, \$1.15 million is designated to the Howard County Tourism Council.

Based on fiscal 2025 estimated collections, increasing the county's hotel rental tax rate by 1% (from 7% to 8%) will increase county revenues by approximately \$828,600 annually beginning in fiscal 2026. The additional revenues must be distributed to the Howard County Tourism Council.

Additional Information

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

Designated Cross File: None.

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

Fiscal Note History: First Reader - March 10, 2025
km/hlb Third Reader - March 17, 2025

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