

Statement of Michael Raymond  
Vice President, Tax Operations  
Choice Hotels International, Inc.

Re: SB 694

Senate Committee on Budget & Taxation  
March 4, 2020

Good afternoon, Chairman Guzzone.

Thank you for the opportunity to testify on behalf of my employer, Choice Hotels International, on this important bill.

The bill corrects an issue in current law that was enacted in 2018, regarding single sales factor apportionment.

The single sales factor statute states that a company with at least 500 full-time employees at its headquarters may elect not to use the new apportionment formula enacted in that statute, electing to keep the status quo.

Choice Hotels' executive offices and headquarters relocated from Florida to Silver Spring, Maryland in 1968. In 2013, the company moved to new headquarters in Rockville.

In 2017, our headquarters head count stood at 441. Currently, our headquarters head count is 459 FTEs.

As I mentioned, the law enacted in 2018 provides an election for companies with headquarters headcounts over 500 FTEs. Choice Hotels is just shy of the threshold to be able to use the election.

SB 694 before the Committee today lowers that threshold to 400 FTEs, allowing Choice Hotels to use the election as a Maryland-headquartered company.

To further narrow the application of the bill, it applies the lower FTE threshold only to franchisor companies, which Choice Hotels is and always has been.

Thank you for the opportunity to speak about this technical correction bill, Mr. Chairman.

And thank you for your consideration of the clarifying amendment to this bill that removes any ambiguity regarding its application to Maryland-based companies.

I'll be pleased to answer any questions you may have.