

SB691 Sponsor House Testimony.pdf

Uploaded by: Senator Nancy King

Position: FAV

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MAJORITY LEADER

Budget and Taxation Committee

Chair
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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SPONSOR STATEMENT

**Senate Bill 691 – Home Amenity Rentals –
Sales and Use Tax Imposed and Local Tax Authority**

March 30, 2023

Madame Chairman and Members of the Ways and Means Committee:

The short-term rental industry is booming and with ever changing technology the industry continues to innovate and change. One of the newer innovations is Home Amenity Rentals. A home amenity rental is the rental of any portion, of a residential property, whether indoors or outdoors, excluding bedrooms or any portion of the property intended for sleeping quarters, that is occupied by the hour and for not more than 15 hours consecutively.

Senate Bill 691 will update Maryland tax structure already in place for short-term rental like Airbnb to include these newer home amenity rentals. Short-term rentals are subject to sales tax and local lodging/transient tax, and Senate Bill 691 mirrors that tax structure with the only change being a reduction of the county and municipality tax by half. This reduction reflects the fact that home amenity rentals are typically 2-3 hours (and no more than 15 hours), where short term rentals are a minimum of 20 hours.

This legislation simply ensures that our tax structure continues to keep pace with every changing industry trends and establishes fair and equitable tax treatment of home amenity rentals, and so I respectfully request a favorable report on Senate Bill 691.

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Uploaded by: Kevin Kinnally

Position: FWA



Senate Bill 691

Home Amenity Rentals – Sales and Use Tax Imposed and Local Tax Authorized

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Ways and Means Committee

Date: March 30, 2023

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS SB 691 WITH AMENDMENTS**. This bill requires “home amenity rental intermediaries” or “home amenity rental platforms” – facilitators that coordinate the sale or use of a home amenity between guests and hosts – to collect and remit specified state and local taxes. Counties suggest a simplifying amendment to merely subject these short-term amenity rentals to existing local taxes on hotels and similar short-term rental transactions.

From pools and sport courts to large backyards, home gyms, and music studios, home amenity rentals represent a growing industry closely resembling traditional hospitality industry transactions – much more so than serving as platforms where residents may rent out a room in their home for a few days a year. As such, these rentals should be subject to taxation.

The bill defines “home amenity” as any portion, whether indoors or outdoors, of a residential property, excluding bedrooms or any portion of the property intended for sleeping quarters, that is occupied by the hour and for not more than 15 hours consecutively. As introduced, this bill applies the state sales and use tax to home amenity rentals, but arbitrarily caps the rates counties may apply to the same transactions. MACo urges amendments to automatically subject these transactions to applicable local hotel taxes. SB 691, if amended to include applicable local hotel taxes, would establish fair and equitable tax treatment of home amenity rentals for both state and local taxation purposes.

Counties depend on local hotel rental taxes to fund essential public services. Applying this existing tax to home amenity rentals promotes fairness and helps support education, public safety, roadway maintenance, and other essential community services. For these reasons, MACo urges a **FAVORABLE WITH AMENDMENTS** report to establish fair and equitable tax treatment of home amenity rentals for both state and local taxation purposes.