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Education, Energy, and
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Executive Nominations Committee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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The Budget and Taxation Committee

SB 95 – Eastern Shore Code Counties – Maximum Hotel Rental Tax Rate – Alteration
Statement of Support by Bill Sponsor Senator Mary Beth Carozza

Thank you, Chair Guzzone, Vice Chair Rosapepe, and the distinguished members of the Senate Budget and Taxation Committee for hearing Senate Bill 95 – Eastern Shore Code Counties – Maximum Hotel Rental Tax Rate – Alteration.

Senate Bill 95 is a local priority bill that would enable the code counties of the Eastern Shore to set a new hotel rental tax rate of up to 6 percent. For reference, there are four counties on the Eastern Shore – Caroline, Kent, Queen Anne’s, and Worcester – that operate under home rule, which empowers county-level government with broad legislative authority and limits the scope of the General Assembly’s local legislative powers. One of these limitations is that home rule code counties are protected from local laws enacted by the General Assembly unless the law is applied to all code counties in a ‘class,’ which is why we are here before you today. All four of the Eastern Shore Code Counties support this legislation.

Under current law, the hotel rental tax rate for these counties is capped at 5 percent. More than 65 percent of the hotel tax is paid by out-of-state visitors, **not** Maryland residents, and is a dedicated source of funding for tourism and tourism-related activities. This funding is **essential** for Ocean City’s future with the estimated \$5.4 million increase to Ocean City’s public safety budget, 12 additional full-time firefighters and paramedics, four additional full-time police officers, and lifeguard and transportation employee wage increases, which are all necessary to keep Ocean City a clean and safe destination.

Further, Ocean City needs to remain competitive among its peers. Myrtle Beach has a \$50 million tourism budget, Virginia Beach has a \$30 million tourism budget, and the Outer Banks is at \$16 million. Ocean City’s tourism budget is only \$1.8 million. On average, each dollar invested in tourism marketing generates \$31 in visitor spending. Our Shore tourism is an economic driver for the whole State.

The hotel rental tax rate is a dedicated source of funding for tourism and tourism-related activities and the Eastern Shore code counties believe making this minimal increase would be mutually beneficial.

I truly appreciate your kind attention and consideration, and I respectfully ask for a swift and favorable report on SB 95.