



Testimony on Senate Bill 1370 – Favorable with Amendments
Transportation - Regional Transportation Authorities

To: Senator Guy Guzzone
Chair, Budget & Taxation Committee

Testimony from: Kristen Pironis
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Date: March 3, 2025

Dear Chair Guzzone and Members of the Budget & Taxation Committee:

On behalf of Visit Annapolis & Anne Arundel County, I am writing to express our general support for Senate Bill 881, with a request for an amendment to ensure a more equitable and sustainable approach to transportation funding.

Annapolis and Anne Arundel County are key drivers of Maryland's tourism economy. In 2023, Maryland welcomed 45.1 million visitors who spent \$20.5 billion, with Anne Arundel County accounting for 20 percent of this total—more than 6.8 million visitors contributing \$4.1 billion and supporting 18,000 local jobs. While we recognize the critical role of transportation infrastructure for the tourism industry, especially in our fly-and-drive markets, we are concerned that funding this infrastructure primarily through hotel taxes would place a disproportionate burden on an already heavily taxed sector.

Research shows that leisure travelers are highly sensitive to price increases, including hotel taxes. Studies indicate that many visitors reduce their stay to offset higher taxes, which ultimately impacts their spending on local businesses such as restaurants, entertainment, and retail. Additionally, for large groups and those planning meetings, conventions, and conferences, hotel taxes play a significant role in site selection. Higher taxes could cause hotels to lower their room rates to remain competitive, which ultimately reduces the revenue from the hotel tax and undermines the intended funding for transportation improvements.

To illustrate this point, in 2015, Georgia introduced a \$5 per room night hotel tax to fund transportation. This resulted in a loss of 92,000 room nights per month. Despite efforts to repeal or reduce the surcharge, Georgia continues to face challenges with one of the highest hotel tax rates in the country in cities like Columbus, Decatur, and Macon.

The proposed hotel surcharge in SB 881 would increase the cost of hotel rooms in Maryland, making the state less competitive compared to neighboring states with lower taxes or no additional fees. To ensure Maryland remains an attractive destination for visitors, it is crucial that transportation funding comes from a broader base that reflects the diverse sectors benefiting from improved infrastructure.

Locally, when hotel taxes are decided by stakeholders who understand price sensitivity, market trends, and specific regional needs, the funds can be reinvested directly into tourism and hospitality. This reinvestment not only drives additional economic impact but also enhances the visitor experience and improves the quality of life for residents.

We believe the proposed hotel surcharge in SB 881 would unduly burden the tourism industry that is only now recovering to pre-pandemic levels and will have long-lasting negative effects on Maryland's economy. On behalf of our hotel and lodging partners, we respectfully request that the proposed hotel surcharge be removed from the bill, ensuring that transportation funding is more broadly shared across all sectors that benefit from infrastructure improvements.

Thank you for your consideration.

Sincerely,

Kristen Pironis
Chief Executive Officer
Visit Annapolis & Anne Arundel County