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**SB979**

March 5, 2025

**TO:** Members of the Senate Budget and Taxation Committee

**FROM:** Nina Themelis, Director of Mayor's Office of Government Relations

**RE:** Senate Bill 979 - Local Government - Accommodations Intermediaries - Hotel Rental Tax Collection by Comptroller

**POSITION: UNFAVORABLE**

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **opposes** Senate Bill (SB) 979.

SB 979 creates a centralized system for collecting local hotel rental taxes from accommodations intermediaries, requiring them to remit the tax to the Comptroller's Office. It applies to intermediaries with at least \$100,000 in booking transactions or 200 or more bookings. The bill would allow the Comptroller to manage the distribution of taxes to county and municipal governments and charge a fee for administrative costs. It would also require intermediaries to file a specific type of tax return. Lastly, SB 979 would establish certain state laws take precedence over local laws or agreements regarding the hotel rental tax.

Currently, Section 1-101(b)(2) of the Local Government Article of the Maryland Code makes clear that the term "charter county" as used in the Local Government Article does NOT apply to Baltimore City. This subtitle 4 of Title 20 of this Local Government Article on Hotel Taxes is not where the City gets its power to tax hotel rooms. The City's power comes from Section (40)(e) and (f) of Article II of the City Charter.

This bill would make this entire subtitle on Hotel Taxes applicable to all counties in the state. The BCA has concerns over how this would affect Baltimore City given that it would effectively repeal the express powers currently granted to Baltimore City in Article II of its Charter. While the legislation does state that this change to existing law would not preempt local laws, it also states that it would prevail over all other local laws which would cause a conflict within the Charter. Given the unclear and ambiguous language in SB 979, the BCA does not have a clear understanding of how the legislation would affect the City's taxing of hotels. This concern is unique for Baltimore City, in that unlike Charter counties, the City does not get its express powers from this article, so a court could rule this as not an effective way to change the City's express powers.

This bill removes the City's existing process to collect and use its own hotel tax. It also limits the amount of the hotel tax and requires the City to report to the Comptroller of Maryland when there will be an increase in the rate.

For the above stated reasons, the BCA respectfully request an **unfavorable** report on SB 979.