

MHILA
Maryland Hotel
Lodging Association

Testimony in Opposition to SB 979

Local Government - Accommodations Intermediaries - Hotel Rental Tax Collection by
Comptroller

Budget and Taxation Committee – March 5, 2025

SB 979 would enable accommodation intermediaries to remit hotel tax for short-term rental bookings they facilitate through monthly remittance to the state comptroller, who would then retain an unspecified portion of the tax before passing it on to the counties. The bill also specifies auditing procedures and limits the data that taxing authorities may request from accommodation intermediaries in order to conduct an audit for this specific segment of the lodging industry.

The Maryland Hotel Lodging Association is not opposed to the concept of centralized hotel tax collection for accommodation intermediaries. However, we are concerned by areas of the bill, as detailed below, that go beyond this concept to 1) limit a county's authority to regulate or impose tax on short-term rentals and 2) establish preferential treatment for auditing of short-term rental hotel tax remittance.

- We strongly oppose language prohibiting a county or municipality from imposing a higher tax rate on short-term rentals than other accommodations. Short-term rentals have impacts on housing and communities that are unmatched by traditional hotels, as they bring tourism impacts into residential areas where hotels do not exist. Localities should maintain their existing authority to establish higher tax rates on short-term rentals if deemed necessary at the local level. If this legislation moves forward, we ask that you strike **lines 6-8 on page 7 and lines 23-28 on page 16**.
- We have concerns related to localities being entirely excluded from the audit process, as stated in **lines 4-6 on page 9**. Some counties audit on a set schedule (i.e.: every 3 years). Where applicable, would the Comptroller execute audits of the intermediaries on the same schedule that hotels are audited by the locality? If not, we would consider that a competitive advantage that hotels are not entitled to or asking for.

MHILA
Maryland Hotel
Lodging Association

- We suggest striking the following language toward the **end of line 13 – line 15 on page 28**: “ONLY TO THE EXTENT THAT THE INFORMATION IS NECESSARY FOR THE ENFORCEMENT OF THE TAX COLLECTION OBLIGATIONS IMPOSED ON THE ACCOMMODATIONS INTERMEDIARY”. We also suggest **adding subparagraph (IV)** to clarify that "any other additional information deemed necessary by the comptroller's office" in the course of an audit may be requested. Tax authorities are not limited in the information they can request from hotels during an audit. These changes would essentially bring the auditing process in line with that of hotels. Additionally, it would strengthen this provision by lessening the ability for a platform to argue that detailed property level information is not “necessary” for enforcement of tax obligations.

In summary, short-term rentals benefit from tourism marketing and promotion that is funded by hotel tax, and we are not opposed to a centralized process making it easier for accommodation intermediaries to facilitate collection and remittance. However, we must oppose SB 979 unless amended to address the concerns outlined in our testimony.

Respectfully submitted,

Amy Rohrer, CAE
President & CEO