

MHLA

Maryland Hotel Lodging Association

Testimony in Opposition to Senate Bill 881

Transportation - Regional Transportation Authorities
Budget and Taxation & Finance Committees – March 5, 2025

The **Maryland Hotel Lodging Association (MHLA)** is the sole statewide trade association advocating for Maryland's hotel industry, which consists of 750+ hotels and employs over 27,000 individuals. Annually the industry supports \$4.1 billion in total taxes in the state, \$7.2 billion in wages and salaries, and \$10.6 billion in spending by hotel guests, significantly contributing to Maryland's economy.

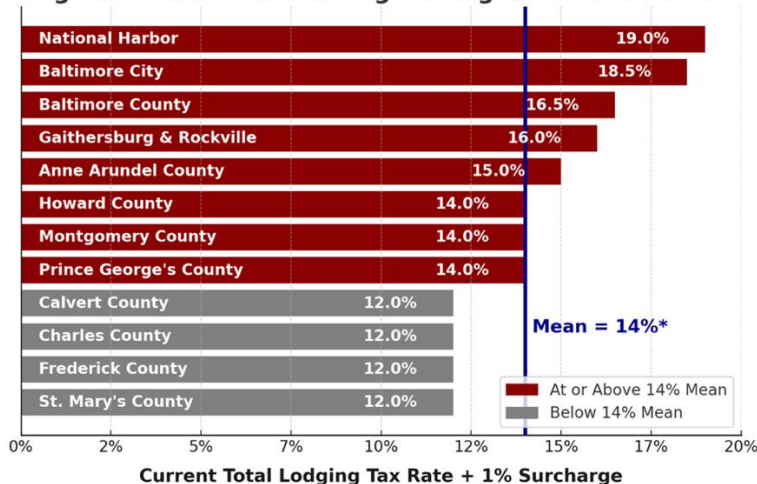
The Maryland Hotel Lodging Association (MHLA) strongly opposes SB 881 unless amended to eliminate the proposed 1% Transportation Authority Hotel Surcharge. This surcharge would further burden Maryland's already highly taxed lodging industry, harming tourism, discouraging conventions, and negatively impacting local businesses and the state economy.

Maryland's Current Hotel Tax Landscape

Maryland's lodging markets impacted by SB 881—as defined by the proposed Baltimore, Capital, and Southern Regional Transportation Authorities—already rank among the highest in the nation for total taxes on hotels. The proposed 1% surcharge would push many counties into the top tier nationwide:

- Baltimore City and National Harbor would hit **18.5%-19%**, among the highest in the U.S.
- Only one major city currently exceeds **20% nationwide**.¹

HB 1370 Would Make the Baltimore, Capital, and Southern Maryland Regions' Hotel Taxes Among the Highest in the Nation*



The mean (14%) is based on data from the 2024 HVS Lodging Tax Report, specifically the 'Top 150 Urban Centers Total Lodging Tax Rate Ranking' chart.

¹ [HVS | 2024 HVS Lodging Tax Report - USA](#)

SB 881 Would Worsen an Already Struggling Market

Maryland’s hospitality industry is recovering from the pandemic more slowly than other visitor-dependent destinations, particularly in a key tourism hub like Baltimore City. The proposed surcharge would further jeopardize this fragile recovery.

Baltimore City hotels booked 440,000 fewer rooms in 2024 compared to 2019 - a 20% drop in occupied rooms.

— Data derived from Smith Travel Research (STR)

If Baltimore City had returned to pre-pandemic occupancy levels in 2024, based on the City’s ADR (average daily rate) of \$182.42, this would have meant:

- Additional **\$80 million** in Baltimore City hotel revenue in 2024
- Additional **\$187 million** in residual spending by hotel guests²
- Additional **state and city taxes on \$267 million** if this hotel revenue had been realized in 2024

While Baltimore City hotels are clearly not reaching their full potential, it is important to point out that statewide hotel occupancy has also not yet returned to pre-pandemic levels. The **regions affected by the proposed SB 881 surcharge collectively still show a 5.41% decrease in occupied hotel rooms compared to 2019** - equating to 765,285 fewer rooms sold as shown below.

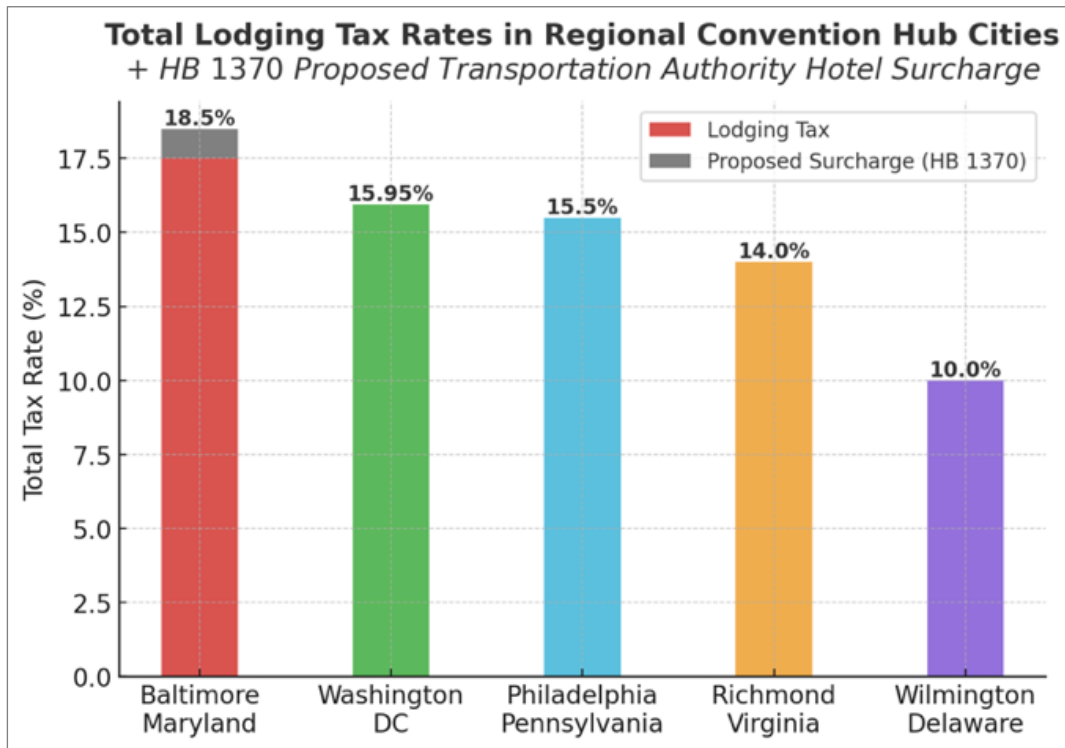
HB 1370 / SB 881 Impacted Counties + Baltimore City					
Occupied Rooms -5.41% 2024 vs 2019					
	Properties	Rooms	Total Room Supply (Annual)	Occ %	Total Rooms Occupied
2019	437	58,147	20,783,465	68.12%	14,158,499
2024	448	56,732	20,707,180	64.68%	13,393,214
Change from 2019			(76,285)		(765,285)
% Change from 2019					-5.41%
Data derived from 2019 and 2024 STR data for impacted counties					

SB 881 Diverts Tourism Dollars Away from Industry Recovery

When not reinvested in tourism marketing, higher lodging taxes and fees can lead to lower hotel revenue per available room (RevPAR), particularly for group travel (*Journal of Travel Research, 2021*). **Maryland risks losing conventions, seeing further occupancy declines, and missing out on critical tourism revenue** by imposing additional fees without reinvestment. Policies prioritizing reinvestment in tourism drive visitor demand, benefiting hotels, local businesses, and state tax revenues.

² [AHLA 2025 Economic Impact Report.pdf](#) For each \$100 spent on lodging, hotel guests spend another \$234 during their trip.

The following chart shows that Baltimore City's total tax rate plus the proposed 1% SB 881 surcharge is already higher than other cities in our region that attract large events, including Wilmington, Delaware, which has the added incentive of no sales tax.



Source: [2024 HVS Lodging Tax Report](#). – Chart: 'Reported Tax Rates in Top 150 Urban Centers 2023' Data analyzed and visualized by the Maryland Hotel Lodging Association (MHLA)

Impact on Maryland Residents

Beyond tourism, many Maryland residents rely on hotels for essential travel, including medical visits, family stays, and temporary housing. SB 881 would force hotels to pass higher costs onto local communities, making critical, non-leisure travel less affordable.

Conclusion

Rather than imposing new financial burdens, Maryland should adopt policies that attract visitors, strengthen the hospitality sector, and drive long-term economic growth.

For these reasons, the Maryland Hotel Lodging Association **opposes SB 881 unless amended to eliminate the proposed 1% surcharge on hotels.**

Respectfully submitted,
Amy Rohrer, President & CEO
Maryland Hotel Lodging Association