



Senate Bill 979

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

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Budget and Taxation Committee

Date: March 5, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS SB 979 WITH AMENDMENTS**. This bill aims to centralize short-term rental (STR) tax collection under the Comptroller, improving tax administration while ensuring STRs provide a fair and consistent local revenue source.

Counties rely on these funds to support tourism, economic development, and essential services. While centralizing collection offers efficiency, amendments are necessary to protect local enforcement authority, maintain compliance with zoning and safety regulations, and ensure transparency in tax remittances.

STRs, typically rented for under 30 days, have surged in popularity across Maryland, facilitated by platforms like Airbnb and VRBO. While these rentals provide economic opportunities, they also present new challenges for local governments tasked with enforcing zoning laws, public safety standards, and tax obligations. The bill risks weakening local oversight without an amendment to clarify that nothing in the bill preempts or limits local zoning, licensing, and health and safety regulations.

STR platforms must verify and report license numbers in jurisdictions with licensing requirements. Without this safeguard, unlicensed rentals may continue operating unchecked. Airbnb and other platforms already comply with similar requirements elsewhere, demonstrating feasibility. An amendment should require platforms to verify, display, and include STR license numbers in tax filings.

Counties must also have access to detailed, property-level tax reporting to ensure fair tax enforcement. Local governments cannot reconcile payments, detect underreporting, or verify compliance without itemized remittance reports. Requiring the Comptroller to provide counties with property-specific tax data would allow for meaningful enforcement and revenue tracking.

Independent audit authority is another essential compliance tool. The bill prohibits the Comptroller from auditing individual STR operators, limiting platform oversight. This structure relies entirely on self-reported data from intermediaries without independent verification. Removing this restriction would allow counties to cross-check tax remittances against licensing and other records, closing enforcement gaps that could result in lost revenue.

A streamlined tax collection system should not come at the expense of necessary local authority or transparency. MACo urges amendments to protect regulatory authority, bolster compliance mechanisms, and ensure counties receive the data to properly administer tax laws and zoning regulations. Accordingly, MACo urges a **FAVORABLE WITH AMENDMENTS** report on SB 979.