MARYLAND HOTEL LODGING ASSOCIATION

410.974.4472
MDLodging.org
20 Ridgley Avenue, Ste. 309
Annapolis, MD 21401

HB 916 - Transportation - Regional Transportation Authorities
Environment and Transportation Committee
February 26, 2026
Position: UNFAVORABLE

*MHLA is the sole statewide organization dedicated to advocacy on behalf of Maryland's lodging industry. Our industry is a powerful economic engine - **765 hotels** support more than **115,000 jobs** statewide, generate **$7.2 billion in wages and salaries**, contribute **$2.4 billion in state and local tax revenue**, and drive **$10.6 billion in guest spending** that strengthens communities across Maryland.*

The Maryland Hotel Lodging Association **strongly opposes HB 916 unless the proposed 1% Transportation Authority Hotel Surcharge is removed**.

This bill would raise taxes on Maryland hotels in the **Baltimore Region** (Anne Arundel, Baltimore and Howard Counties + Baltimore City), **Capital Region** (Frederick, Montgomery and Prince George's Counties) and **Southern Maryland Region** (Calvert, Charles and St. Mary's Counties) at the exact moment the industry is still struggling to recover. It increases the cost of staying in Maryland, weakens our competitive position, and risks reducing the very travel activity that generates transportation and tax revenue in the first place.

If the goal is long-term revenue stability, this policy moves the state in the wrong direction.

<u>Maryland's Hotel Industry Is Not Recovered</u>
Maryland hotels remain below pre-pandemic demand levels and underperforming national averages.

Between 2024 and 2025:

- Occupancy and rooms sold declined.
- RevPAR fell **-1.9% statewide**.
- Impacted jurisdictions declined even more sharply at **-2.3%**.

The statewide RevPAR decline represents:

- **$85.6 million in lost room revenue**
- **$5.1 million in unrealized state sales tax**
- **$200.2 million in lost guest spending**

More than two-thirds of Maryland's hotel rooms are located in the jurisdictions targeted by HB 916, and those markets are already under greater strain than the rest of the state collectively.

Maryland hotels are serving fewer guests than in 2019. Occupancy remains 3.3 percentage points lower. Room-night demand is down 5.7%. Employment has not fully recovered.

This is not a fully stabilized industry. It is a demand-sensitive industry in a soft recovery.

This Tax Targets Price-Sensitive Demand

Hotel taxes are largely, but not entirely, paid by visitors. That makes them politically easy, but economically risky.

Leisure travelers, meetings, conventions, and group business are highly price-sensitive. Under HB 916, the total hotel tax in Baltimore City and National Harbor would rise to 18.5-19%, putting the tax rate for two of Maryland's convention destinations among the highest in the country. At a time when demand is already soft, this sends the wrong market signal.

Travelers and convention planners compare destinations line by line. **When Maryland becomes materially more expensive than competitors, business goes elsewhere.**

The State Is Raising Costs While Cutting Promotion

The policy contradiction is clear.

Maryland recently reduced tourism marketing funding - one of the primary drivers of visitation - while simultaneously proposing to increase lodging taxes.

You cannot reduce demand generation and raise travel costs at the same time and expect growth.

Tourism promotion increases room nights. Room nights generate hotel tax revenue. Hotel tax revenue supports transportation and local services.

HB 916 diverts tourism-generated revenue away from industry recovery with no reinvestment mechanism to rebuild demand.

That is not a growth strategy. It is a contraction risk.

Transportation Funding Should Not Undermine Travel Activity

Hotels do not oppose transportation investment. In fact, our industry depends on strong infrastructure.

But transportation funding should be built on growing economic activity - not suppressing it.

Every lost room night means:

- Lost hotel tax
- Lost sales tax
- Lost restaurant revenue
- Lost transportation usage
- Lost jobs

The fastest way to grow transportation revenue is to restore travel demand and expand the tax base - not increase the cost of entry during a fragile recovery.

<u>The Bottom Line</u>
Maryland's hotel industry:

- Is still below 2019 demand levels.
- Underperformed national benchmarks in 2025.
- Is concentrated in the very jurisdictions this bill would target.

HB 916 increases costs in struggling markets, reduces competitiveness, and risks further demand erosion.

That is not prudent fiscal policy.

For these reasons, the Maryland Hotel Lodging Association respectfully urges the Committee to **reject HB 916 as drafted** or **amend the bill to remove the proposed 1% Transportation Authority Hotel Surcharge**.

For more information, please contact:
Amy Rohrer, President & CEO
Maryland Hotel Lodging Association
amy@MDLodging.org