



## **CITY OF TAKOMA PARK, MARYLAND**

### **HB 285 Support**

**Ways and Means Committee**

**February 2019**

**HB 285: Hotel Rental Tax – Limitation of Municipal Authority to Tax Small Hotels -  
Repeal**

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One of the City of Takoma Park's legislative priorities this year is to garner support for expanded opportunities for municipalities to raise revenues without increasing dependence on property taxes. Currently, municipalities in Maryland have very limited ability to collect tax revenue aside from revenue collected through property taxes. This situation can put undue burden on property owners when municipalities have a need to increase revenues.

House Bill 285 is a very simple bill that enables, but does not require, municipalities who assess the local hotel tax to charge that tax on hotels with 10 or fewer rooms. Current law allows county governments to tax hotels of all sizes. All counties in Maryland assess the tax. However, current law only enables municipalities to tax hotels that have more than 10 rooms, meaning larger hotels within municipalities may have to pay hotel taxes to their municipality and to their county but smaller hotels only have to pay county hotel taxes.

If passed, the financial implications for Takoma Park may not be noteworthy in the short term. However, it would give the City – and other municipalities in Montgomery and Somerset Counties, the only Counties where the bill would apply – one additional "tool in the toolbox" to raise revenues when and where appropriate.

Because it would give municipalities an additional tool to increase revenues from a source other than property taxes, we believe passing HB 285 would be a step in the right direction, symbolically and otherwise. For these reasons, the City of Takoma Park supports HB 285 and urges a favorable vote.