

HB1395/835967/2

BY: Committee on Ways and Means

AMENDMENTS TO HOUSE BILL 1395
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike beginning with “providing” in line 6 down through “hotels;” in line 7; in line 12, strike “term;” and substitute “defined term; providing that certain provisions relating to the imposition and collection of a hotel rental tax apply in Harford County; providing for the effective date of certain provisions of this Act; providing for the termination of certain provisions of this Act;”; in line 16, after “9-303,” insert “9-304(b).”; in line 27, strike “9-304(e).”; and in the same line, strike the second comma.

On page 2, after line 1, insert:

“BY repealing and reenacting, without amendments,
Article - Local Government
Section 20-401, 20-403(a), 20-406, 20-407, and 20-409 through 20-415
Annotated Code of Maryland
(As enacted by Chapter ____ (H.B. 472) of the Acts of the General Assembly of
2013)

BY repealing and reenacting, with amendments,
Article - Local Government
Section 20-402, 20-404, 20-405, 20-408, and 20-420 through 20-428
Annotated Code of Maryland
(As enacted by Chapter ____ (H.B. 472) of the Acts of the General Assembly of
2013)

BY adding to
Article - Local Government
Section 20-420

(Over)

Annotated Code of Maryland

(As enacted by Chapter _____ (H.B. 472) of the Acts of the General Assembly of 2013)”.

AMENDMENT NO. 2

On page 4, strike in its entirety line 25 and substitute:

“(b) An authorized county may not set a hotel rental tax rate that exceeds:

- (1) 3% in a code county;
- (2) 5% in Calvert County;
- (3) 5% in Carroll County;
- (4) 3% in Cecil County;
- (5) 5% in Charles County;
- (6) 5% in Dorchester County;
- (7) 5% in Frederick County;
- (8) 6% in Garrett County;
- (9) **6% IN HARFORD COUNTY;**
- (10) 5% in St. Mary’s County;
- ~~[(10)]~~ (11) 5% in Somerset County;
- ~~[(11)]~~ (12) 4% in Talbot County; and

~~[(12)]~~ **(13)** 6% in Wicomico County.

On pages 4 and 5, strike beginning with “**(1)**” in line 27 on page 4 down through “**(2)**” in line 1 on page 5.

On page 8, strike beginning with “**THE**” in line 5 down through “**REVENUE**” in line 6 and substitute “:

(I) AT LEAST 50% OF THE HOTEL RENTAL TAX REVENUE TO THE HARFORD COUNTY DESTINATION MARKETING ORGANIZATION; AND

(II) THE REMAINDER”.

AMENDMENT NO. 3

On page 10, after line 3, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Local Government

20–401.

(a) In this part the following words have the meanings indicated.

(b) (1) “Hotel” means an establishment that offers sleeping accommodations for compensation.

(2) “Hotel” includes:

(Over)

- (i) an apartment;
- (ii) a cottage;
- (iii) a hostelry;
- (iv) an inn;
- (v) a motel;
- (vi) a rooming house; or
- (vii) a tourist home.

(c) “Hotel rental tax” means the tax on a transient charge.

(d) (1) (i) Except as provided in subparagraphs (ii) and (iii) of this paragraph, “transient charge” means a hotel charge for sleeping accommodations for a period not exceeding 4 consecutive months.

(ii) In Carroll County, “transient charge” means a hotel charge for sleeping accommodations for a period not exceeding 25 days.

(iii) In Frederick County, Garrett County, and Washington County, “transient charge” means a hotel charge for sleeping accommodations for a period not exceeding 30 days.

(2) “Transient charge” does not include any hotel charge for:

- (i) services; or
- (ii) accommodations other than sleeping accommodations.

(e) “Western Maryland code county” means a code county in the Western Maryland class as established under § 9–302 of this article.

20–402.

This part applies only to:

- (1) a code county;
- (2) Calvert County;
- (3) Carroll County;
- (4) Cecil County;
- (5) Dorchester County;
- (6) Frederick County;
- (7) Garrett County;
- (8) **HARFORD COUNTY;**
- (9) St. Mary’s County;
- ~~[(9)](10)~~ Somerset County;
- ~~[(10)](11)~~ Talbot County;
- ~~[(11)](12)~~ Washington County; and

(Over)

[(12)](13) Wicomico County.

20-403.

(a) Except as provided in § 20-404 of this subtitle, a county may impose, by resolution, a hotel rental tax.

20-404.

(a) By resolution, Calvert County and St. Mary's County may provide a tax exemption for classes of hotels.

(b) In Carroll County, the hotel rental tax does not apply to a hotel with 10 or fewer sleeping rooms.

(c) Cecil County may impose the hotel rental tax only on a transient charge paid to a hotel located in any part of Cecil County that:

(1) is specified by the governing body of Cecil County as a population center;

(2) is not larger than 10 square miles in geographic area; and

(3) has a population of at least 6,000 residents.

(d) In Frederick County, the hotel rental tax does not apply to a hotel with:

(1) 10 or fewer sleeping rooms in its main building; and

(2) not more than 20 additional sleeping rooms in auxiliary structures on the hotel's property.

(e) (1) IN THIS SUBSECTION, "TRAVEL CORRIDOR" MEANS ANY PART OF HARFORD COUNTY, AS SPECIFIED BY THE COUNTY COUNCIL, THAT IS WITHIN 3 MILES OF AN INTERSTATE.

(2) IN HARFORD COUNTY, THE HOTEL RENTAL TAX MAY BE IMPOSED ONLY ON A TRANSIENT CHARGE PAID TO A HOTEL LOCATED IN A TRAVEL CORRIDOR IN THE COUNTY.

(F) In Washington County, the hotel rental tax does not apply to a transient charge paid to a hotel by:

- (1) the federal government;
- (2) a state; or
- (3) a unit or instrumentality of a state or the federal government.

20-405.

(a) Subject to this section, the hotel rental tax rate is the rate that the county sets by resolution.

(b) The hotel rental tax rate may not exceed:

- (1) except as otherwise provided in this section, 3% in a code county;
- (2) 3% in Cecil County;
- (3) 4% in Talbot County;

(Over)

(4) 5% in Calvert County, Carroll County, Charles County, Dorchester County, Frederick County, St. Mary's County, and Somerset County; and

(5) 6% in Garrett County, **HARFORD COUNTY**, and Wicomico County.

(c) With the unanimous consent of the county commissioners:

(1) a code county other than a Western Maryland code county may set a hotel rental tax rate up to 5%; and

(2) a Western Maryland code county may set a hotel rental tax rate up to 8%.

(d) The hotel rental tax rate in Washington County is 6%.

(E) THE COUNTY COUNCIL OF HARFORD COUNTY MAY PROVIDE, BY LAW, A TAX EXEMPTION FOR TRANSIENT CHARGES PAID BY A NONPROFIT CHARITABLE ORGANIZATION TO A HOTEL TO PROVIDE TEMPORARY SHELTER FOR INDIVIDUALS WHO ARE IN NEED AS A RESULT OF MISFORTUNE.

20-406.

(a) A hotel shall:

(1) give a person who is required to pay a transient charge a bill that identifies the transient charge as an item separate from any other charge; and

(2) collect the hotel rental tax from the person who pays the transient charge.

(b) A hotel shall hold any hotel rental tax collected in trust for the county that imposes the tax until the hotel pays the tax to that county as required under this part.

20-407.

A person shall pay the hotel rental tax to the hotel when the person pays the transient charge.

20-408.

A hotel shall complete, sign, and file a hotel rental tax return with:

(1) except as provided in item (2) of this section, a code county, on or before the 10th day of each month; and

(2) (i) Cecil County, on or before the 10th day of each month;

(ii) Talbot County and Wicomico County, on or before the 20th day of each month;

(iii) a code county in the Eastern Shore class established in § 9-302 of this article, Calvert County, Carroll County, Charles County, Dorchester County, Frederick County, Garrett County, **HARFORD COUNTY**, St. Mary's County, and Somerset County, on or before the 21st day of each month; and

(iv) Washington County, on or before the 25th day of each month.

20-409.

A hotel rental tax return for a county:

(Over)

(1) shall be made on the form that the county requires; and

(2) shall contain the information that the county requires, including the amount of:

(i) transient charges paid to the hotel during the prior calendar month; and

(ii) the hotel rental tax required to be collected during the prior calendar month.

20-410.

A hotel shall pay to the county the hotel rental tax collected for a calendar month with the return that covers that month.

20-411.

(a) Except in Calvert County, Carroll County, Charles County, St. Mary's County, and Washington County, a hotel is allowed, for administrative costs, a discount equal to 1.5% of the gross amount of hotel rental tax collected if, on or before the due date, the hotel:

(1) files the hotel rental tax return; and

(2) pays the hotel rental tax.

(b) In Calvert County, Carroll County, Charles County, St. Mary's County, and Washington County, the county commissioners may determine whether a hotel is eligible to receive a discount.

20-412.

To provide for the orderly, systematic, and thorough administration of the hotel rental tax, a county may adopt regulations that:

(1) are consistent with this part; and

(2) conform to the applicable provisions and regulations for the sales and use tax under Title 11 of the Tax – General Article.

20-413.

(a) The Comptroller shall provide a county with information to help the county verify hotel rental tax liability.

(b) (1) The Comptroller may charge a county a reasonable fee for the cost of providing information under this section.

(2) The county shall treat the fee as a hotel rental tax administrative cost.

20-414.

(a) To cover the revenue that a tax collector collects under this part, a county may increase the surety bond that the county requires for its tax collector.

(b) The county shall treat any additional premium due to a surety bond increase allowed under subsection (a) of this section as a hotel rental tax administrative cost.

20-415.

(Over)

(a) Except as otherwise provided in this part, a code county, Calvert County, Cecil County, Garrett County, or St. Mary's County shall distribute the hotel rental tax revenue as follows:

(1) a reasonable sum for hotel rental tax administrative costs to the general fund of the county;

(2) after the distribution in item (1) of this subsection, the revenue attributable to a hotel located in a municipality to the municipality; and

(3) the remaining balance to the general fund of the county.

(b) Cecil County may not deduct more than 5% of the revenue for administrative costs under subsection (a)(1) of this section.

(c) Garrett County shall designate a part of the balance under subsection (a)(3) of this section for the promotion of the county.

(d) If a Western Maryland code county imposes a tax rate greater than 5%, the revenue attributable to the rate greater than 5% and attributable to a hotel located in a municipality shall be distributed to the general fund of the county.

20-420.

HARFORD COUNTY SHALL DISTRIBUTE:

(1) AT LEAST 50% OF THE HOTEL RENTAL TAX REVENUE TO THE HARFORD COUNTY DESTINATION MARKETING ORGANIZATION; AND

(2) THE REMAINDER TO TOURISM-RELATED ACTIVITIES WITHIN HARFORD COUNTY AND MUNICIPALITIES IN HARFORD COUNTY.

[20-420.] 20-421.

Somerset County shall distribute the hotel rental tax revenue to the general fund of the county.

[20-421.] 20-422.

(a) Washington County shall distribute the hotel rental tax revenue as follows:

(1) 50% to the general fund of the county to be used to fund the Hagerstown/Washington County Convention and Visitors Bureau; and

(2) the remaining balance to a special fund to be used only to:

(i) cover costs for wages, postage, supplies, and legal fees incurred in administering the hotel rental tax;

(ii) develop tourism attractions;

(iii) enhance economic development; and

(iv) support cultural and recreational projects in Washington County.

(b) A municipality in Washington County may apply to the County Commissioners of Washington County for funding from the special fund established under subsection (a)(2) of this section for an eligible project within the municipality.

(c) Each year before adoption of its annual budget, the Hagerstown/Washington County Convention and Visitors Bureau shall hold a public hearing on the proposed annual budget.

(d) On or before September 1 of each year:

(1) the County Commissioners of Washington County shall report to the Washington County Senate and House Delegations to the General Assembly on the hotel rental tax revenue collected and the use of the hotel rental tax revenue for the previous fiscal year; and

(2) the Hagerstown/Washington County Convention and Visitors Bureau shall report to the Washington County Senate and House Delegations to the General Assembly on the Bureau's use of the hotel rental tax revenue for the previous fiscal year.

[20-422.] 20-423.

Wicomico County shall distribute the hotel rental tax revenue as follows:

(1) a reasonable sum for hotel rental tax administrative costs, not to exceed 5%, to the general fund of the county;

(2) if the county authorizes a hotel rental tax rate of 6%:

(i) 16.7% of the revenue to the Salisbury Zoological Park; and

(ii) 16.7% of the revenue to the Wicomico County Youth and Civic Center to be used for its improvement and renovation; and

(3) the remaining balance to the general fund of the county to underwrite the Wicomico County Convention and Visitors Bureau.

[20-423.] 20-424.

A county shall make the distributions required under this part between the 15th day and the 30th day of each calendar month.

[20-424.] 20-425.

(a) (1) On or before October 1 of each year, a Western Maryland code county shall prepare a report on the hotel rental tax.

(2) The report shall be published in a newspaper of general circulation in the county and posted on the county's Internet Web site.

(3) The report shall include:

(i) the amount of revenue the county collected from the hotel rental tax in the previous fiscal year;

(ii) an itemized statement of the use of hotel rental tax revenue;
and

(iii) the name and salary of each position in the county unit that administers the hotel rental tax.

(b) A Western Maryland code county shall provide a copy of any audits that relate to the hotel rental tax to the county Senate and House Delegations to the General Assembly.

[20-425.] 20-426.

(a) If a hotel fails to pay the hotel rental tax as required under this part, the hotel shall pay interest on the unpaid tax from the date on which the hotel is required to pay the tax to the date that the tax is paid.

(b) The interest rate for each month or fraction of a month is:

(1) for Cecil County, Dorchester County, Talbot County, Washington County, and Wicomico County, 1%; and

(2) for any other county, 0.5%.

[20-426.] 20-427.

(a) Except in Talbot County or Wicomico County, if a hotel fails to pay the hotel rental tax to a county within 1 month after the payment is due under § 20-410 of this subtitle, the hotel shall pay a tax penalty of 10% of the unpaid tax.

(b) If a hotel fails to pay the hotel rental tax to Talbot County or Wicomico County within 120 days after the payment is due under § 20-410 of this subtitle, the hotel shall pay a tax penalty of 10% of the unpaid tax.

[20-427.] 20-428.

(a) A county may file a civil action to collect unpaid hotel rental tax.

(b) A county may collect unpaid hotel rental tax by distraint.

(c) Except in Calvert County and St. Mary's County, unpaid hotel rental tax is:

(1) a lien against the real and personal property of the person owing the tax; and

(2) collectible in the same manner as the property tax may be collected under the Tax – Property Article.

[20–428.] 20-429.

(a) (1) Subject to paragraph (2) of this subsection, to protect hotel rental tax revenue, a county may require a hotel to file security with the county in an amount that the county determines.

(2) Cecil County, Talbot County, and Wicomico County may require security under this section only for a hotel that has been in default.

(b) Security under this section shall be:

(1) a bond issued by a surety company that is:

(i) authorized to do business in the State; and

(ii) approved by the Insurance Commissioner as to solvency and responsibility;

(2) cash; or

(3) security approved by the county.

(c) (1) If security is required under this section, the county shall give the hotel notice of the amount of security.

(2) Within 5 days after a hotel receives notice that security is required, the hotel shall:

(Over)

(i) file the security; or

(ii) submit a written request for a hearing on the security requirement.

(d) (1) If a hearing is requested under subsection (c) of this section, the county shall hold a hearing to determine the necessity, propriety, and amount of the security.

(2) (i) The determination at the hearing is final.

(ii) The hotel shall comply within 15 days after the hotel receives notice of the determination.

(e) Without notice to the hotel that files security under subsection (b)(2) or (3) of this section, the county at any time may:

(1) apply the cash to the hotel rental tax due; or

(2) sell the security and apply the proceeds of the sale to the hotel rental tax due.

SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect on the taking effect of Chapter ____ (H.B. 472) of the Acts of the General Assembly of 2013. If Section 2 of this Act takes effect, Section 1 of this Act shall be abrogated and of no further force and effect.”;

in line 4, strike “2.” and substitute “4.”; and in the same line, after “That” insert “, subject to the provisions of Section 3 of this Act.”.