



Municipal Hotel Tax

- State law authorizes only a small number of municipalities to impose a hotel rental tax at a maximum rate of 2%.
- To impose a hotel rental tax, a municipality must be located in a county that does not either: (1) share county hotel rental tax revenue with the municipality; or (2) dedicate at least 50% of county hotel rental tax revenue to promote tourism.
- Municipalities in only three counties may impose a hotel rental tax under current law: Charles, Montgomery, and Somerset.
- Several municipalities in those counties have imposed a hotel rental tax.



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- The General Assembly could authorize municipalities in counties that dedicate at least 50% of county hotel rental tax revenue to promote tourism, but don't share any hotel tax revenue with municipalities, to impose a hotel rental tax.
- This change would expand hotel tax authority to municipalities in Carroll, Frederick, Washington, and Wicomico counties.
- The General Assembly could also increase the maximum authorized rate of a municipal hotel tax to 3% or more.
- The Comptroller will begin collecting the hotel rental tax due on short-term rentals on behalf of local governments in 2028. This will aid counties and municipalities that currently do not have the administrative capacity to collect the local hotel rental tax on short-term rentals.