



Senate Bill 93

Hotel Rental Tax – Accommodations Intermediary – Collection Requirement

MACo Position: **SUPPORT**

To: Budget & Taxation Committee

Date: February 1, 2017

From: Barbara Zektick

The Maryland Association of Counties (MACo) **SUPPORTS** SB 93. This bill requires “accommodations intermediaries” – facilitators that coordinate the sale or use of accommodations between guests and hosts, like online short-term rental platforms Airbnb and VRBO – to collect and remit the state sales tax and local hotel rental taxes.

MACo supports this effort to ensure that tax laws treat short-term rentals equally and fairly, regardless of whether those rentals are provided through conventional “brick and mortar” hotels and motels or via online rental platforms. According to data available from the website Airdna, which tracks Airbnb operations, Airbnb provides approximately 6,000 listings throughout the state of Maryland. Many of those hosts do not currently remit local hotel taxes. SB 93 applies tax laws equally, and places the collection onus on the intermediary, rather than the individual host.

Online rental platforms facilitate transactions that closely resemble traditional hospitality industry transactions – much more so than serving as platforms where residents may rent out a room in their home for a few days a year. According to a recent study by the Penn State University School of Hospitality, nearly 40 percent of the revenue generated on Airbnb is attributed to users who rent multiple units, and nearly 30 percent of the total revenue generated is derived from hosts who operate rentals fulltime. Airbnb reports that it facilitates lodging at more than 2 million properties worldwide. In comparison, Marriott International, Inc. reports that it has approximately 760,000 rooms and 4,400 properties worldwide. Online rental platform use represents a significant growing sector of the hospitality industry, and in the interest of fairness, it should be treated as such for taxation purposes.

Counties depend on local hotel rental taxes to fund essential public services, collecting just over \$110 million throughout the state annually. Applying this existing tax to online rental platform users promotes fairness and helps support education, public safety, and needed community services.

For these reasons, MACo urges the Committee to give SB 93 a **FAVORABLE** report.