



## **Senate Bill 533**

### *Sales and Use Tax - Limited Residential Lodging*

MACo Position: **SUPPORT**  
**WITH AMENDMENTS**

To: Budget and Taxation Committee

Date: February 27, 2019

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS SB 533 WITH AMENDMENTS**. 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.

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 4 million properties worldwide. In comparison, Marriott International, Inc. reports that it has approximately 1.3 million rooms and 6,700 properties worldwide. The use of online rental platforms represents a significant growing sector of the hospitality industry, and in the interest of fairness, it should be treated as such for taxation purposes.

As introduced, this bill has no effect on local governments. However, MACo would support amendments to extend the same principle to local hotel taxes in jurisdictions not subject to hosting platform tax collection agreements. SB 533, if amended to include applicable local hotel taxes, would establish fair and equitable tax treatment of short-term rentals for both state and local taxation purposes.

Counties depend on local hotel rental taxes to fund essential public services, collecting just over \$120 million throughout the state annually. Applying this existing tax to online rental platform users promotes fairness and helps support education, public safety, roadway maintenance, and other essential community services.

For these reasons, MACo urges the Committee to give SB 533 a report of **FAVORABLE WITH AMENDMENTS** to establish fair and equitable tax treatment of short-term rentals for both state and local taxation purposes.