

Senate Bill No. 1020 - Tax on Hotels and Motels

AN ACT to add new Sections 465 through 470, inclusive, to Article 81 of the Annotated Code of Maryland (1969 Replacement Volume), title "Revenue and Taxes," to follow immediately after Section 464 thereof, and to be under the new subtitle "Maryland Travel Improvement Fund," imposing and levying a tax on amounts paid for certain room and building [land trailer space] rentals, providing for the payment and collection of such tax and the administration and enforcement of provisions of this subtitle, and for civil and criminal penalties in connection therewith; imposing a limit on the sum of the rates of all taxes applicable to room and building rentals and providing, in certain circumstances, for the reduction of rates of tax imposed on room and building rentals by other laws; creating a special fund from the proceeds of such tax, providing that such fund shall be used for tourist development purposes as appropriated by the General Assembly, and providing for the manner and nature of such appropriations and for the continuation of the present level of general fund appropriations for tourist development; and relating generally to taxation of room and building [land trailer space] rentals and development of tourism in Maryland.

June 1, 1973.

Honorable William S. James
President of the Senate
State House
Annapolis, Maryland 21404

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 1020.

This bill imposes a tax on motel and hotel rentals and provides for the proceeds to be used to promote the development of tourism in the State.

During the past session of the General Assembly, I supported the creation of a fund for the use of State and local governments to develop and enhance tourism in Maryland. I believe that greater expenditures in this area will be beneficial to all the citizens of our State.

I have been advised by the Comptroller, however, that there are certain administrative problems with the implementation of this bill. These problems arise, in part, from certain inconsistencies between the tax created by this bill and the Maryland Sales Tax. Moreover, with the addition of this new tax, motel and hotel owners in certain jurisdictions would be required to administer three different taxes in connection with the rental of a room.

I have also been advised by the Comptroller of the possibility that general fund revenues might in the future be available to accomplish the objectives of this bill. Obviously, it would be preferable to accomplish these objectives without the imposition of a new tax. Consequently, I am requesting the Comptroller, the Secretary of Budget and Fiscal Planning and the Secretary of Economic and Community Development to investigate the feasibility of using general funds to promote the development of tourism in the State of Maryland. Pending this study, it would be undesirable for this bill to become law.

Accordingly, I have decided to veto Senate Bill 1020.