



CECIL COUNTY, MARYLAND DEPARTMENT OF FINANCE

FISCAL NOTE

SUMMARY OF LEGISLATION

SPONSOR: Council President at the request of the County Executive

BILL NO. 2017-09 – ADOPTION OF HOTEL RENTAL TAX

Synopsis: A Bill setting the tax rate for Hotel Rentals, and to levy and impose a Hotel Rental Tax of 6% for the fiscal year beginning July 1, 2017 and ending June 30, 2018.

FISCAL IMPACT SUMMARY: The approval of this bill will have a positive fiscal impact on the Cecil County Government of approximately \$100,000 of additional general fund revenue in FY2018.

FISCAL ANALYSIS:

Section 20-403 of the Local Government Article, Annotated Code of Maryland provides that a county may impose, by resolution or ordinance a hotel rental tax. Section 20-405 provides that the hotel rental tax rate in Cecil County may not exceed 3%; this is a public local law that under Cecil County's Charter government may be repealed and replaced by an Act of the Cecil County Council. The County Executive is proposing that Section 20-405(b)(2) of the Local Government Article, Annotated Code of Maryland, a public local law applicable solely to Cecil County Government, be repealed and replaced by the new Article VIII of Chapter 337, Section 337-34 (Hotel Rental Tax) of the Cecil County Code. The new Article is amended to allow the County Council at the request of the County Executive the ability to impose, by resolution, a hotel rental tax. The bill is proposing the rate be increased to 6%.

Upon review of the hotel rental tax rates charged by other Maryland Counties for FY2017, Cecil County has the lowest tax rate in the State. It was determined to increase the rate charged in Cecil County in order to be more reasonable when compared to the rates charged in neighboring jurisdictions. The amount of the revenue increase will be dependent on the number of hotel rooms rented during the fiscal year, the cost of the hotel room, and the local hotel rental tax rate being charged.

Please see attached document for comparative rates by County for FY2017.