



# Maryland Hotel Lodging Association

## 2025 MARYLAND GENERAL ASSEMBLY “END OF SESSION” REPORT

April 30, 2025

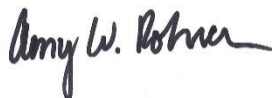
Dear MHLA Member,

The Association has been working hard on your behalf as this was one of the toughest legislative sessions in many years. The entire 90 days was overshadowed by the State’s more than \$3 billion deficit. To balance the budget, the Governor had to make substantial cuts to departmental funding, as well as find significant new revenue. As you will see below, MHLA engaged in a significant number of issues, ranging from labor to environmental to short term rentals and more, and had to fight off a lot of taxes on our industry.

I wish to thank the **2025 MHLA Legislative Committee Members** and our **lobbyists from Boston Plaut Attorneys at Law**, listed at the end of this report. Their efforts helped the Association to achieve many wins for the industry in an incredibly challenging year.

MHLA advocacy is only possible with support from Members and I am pleased to share this “End of Session” Report with you. Please contact me with any questions or for more information.

Sincerely,



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## **BUDGET & TAX ISSUES**

### **HB 350/SB 319: 2025 Budget**

Sponsors: Speaker and President

Status: Passed

MHLA Position: Support

MHLA supported this bill because it originally included flat funding in the tourism budget of \$15.5 million. The Dept. of Legislative Services (DLS) made recommendations to the Legislature to cut this budget by \$6 million. The tourism industry fought hard to sustain the original recommendation. As a result, the tourism budget was only cut by \$3 million down to \$12.3 million.

### **HB 352/SB 321: Budget Reconciliation and Financing Act of 2025**

Sponsors: Speaker and President

Status: Passed

MHLA Position: Oppose

This is known as the BRFA bill. In short, it is a corrective measure to the actual budget bill. There were many provisions of this bill that raised tremendous concern for MHLA.

- Combined Reporting – we had concerns that this would affect many of our hotels. However, a small minority of hotels prefer combined reporting. Combined reporting was ultimately stripped out of the bill.
- The Business-to-Business Services Tax (B2B) – (this started off as HB 1554, which will be discussed later, but was going to be merged into the BRFA). MHLA and the greater business community were successful in killing this provision.
- IT Tax - to replace the B2B Tax, the Legislature proposed a 3% tax on information technology. Although this provision was further amended to eliminate taxes on intellectual property, the IT tax passed.

### **HB 1554/SB 1045: Sales and Use Tax - Taxable Business Services – Alterations**

Sponsors: Del. Moon and Sen. Hettleman

Status: Failed

MHLA Position: Oppose

This bill, known as the B2B services tax, was introduced late in the Session and was quickly scheduled for a hearing. The bill would have applied a 2.5% sales tax to transactions between



businesses for services such as accounting, landscaping, payroll, third party labor and more, creating significant economic challenges for Maryland hotels and the greater business community. The bill ultimately failed but was replaced by the 3% IT Tax as noted in the BRFA.

#### **HB 1089/SB 904: Data Brokers- Registry and Gross Income Tax**

Sponsors: Del. Solomon and Sen. Hester

Status: Failed

MHLA Position: Oppose

This bill sought to tax entities defined as “data brokers”, which was an overly broad definition. MHLA had concerns that due to the broadness of the definition, hotel loyalty programs would be captured. Therefore, MHLA sought clarifying language to make sure that we were not captured by the scope of the bill.

#### **HB 1370/SB 881, SB 935: Regional Transportation Authorities**

Sponsors: Del. Spiegel and Sen. Rosapepe, Sen. Benson

Status: Failed

MHLA position: Oppose

As stated in the introduction, the budget deficit was the main topic of the 2025 Session. One of the proposed mechanisms to address the transportation infrastructure issue was to pass a bill creating a regional transportation authority. There were two bills that were essentially identical, and both failed. This bill established a system of imposing surcharges on a variety of industries throughout different geographic regions in the State. Hotels were one of the industries targeted. Per the bill, these regional transportation authorities would impose a 1% surcharge on hotels. We testified in opposition and our message resonated well with the Senate Budget & Tax and House Environment & Transportation Committees.

#### **HB 1508/SB 1037: Baltimore City – Sales Tax - Authorization**

Sponsors: Baltimore City Delegation

Status: Failed

MHLA Position: Oppose

The Baltimore City Delegation introduced this bill on behalf of the Mayor. The bill’s intention was to impose a 2% sales tax on goods and services purchased in Baltimore City. Because of the work of MHLA, we met with City leadership and argued to exempt hotels from this tax as hotels



already pay an exorbitant tax in Baltimore City. The City was amenable to this request, but the issue became moot for this session as the bill failed.

## **LABOR ISSUES**

### **HB 1400/SB 823: No Tax on Tips Act**

Sponsors: Del. Boafu and Sen. McCray

Status: Failed

MHLA Position: Oppose

Despite the name of the bill, this piece of legislation sought to increase the state's minimum wage and remove the statewide tip credit. MHLA has opposed these as part of a joint effort with other business groups, with the Restaurant Association of Maryland taking the lead. Several members from MHLA took time to wait in Annapolis for several hours in order to testify for a brief period of time to oppose this bill. As a result of the opposition, the House sponsor opted to amend the bill to make it about sexual harassment training. In a significant win for the industry, the bill did not pass.

### **HB 1005: Tips or Gratuities – Subtraction Modification**

Sponsor: Del. Mark Fisher

Status: Failed

MHLA Position: Support

This bill said you can apply for a subtraction modification on tips or gratuities earned. Basically, there would be no state income taxes on tips. In light of all of the legislation dealing with tipped workers, this bill also failed.

### **HB 233/SB 576 Mandatory Meetings on Religious or Political Matters - Employee Attendance and Participation (Maryland Worker Freedom Act)**

Sponsors: Del. Vogel and Sen. Lam

Status: Failed

MHLA Position: Oppose

The language proposed in this bill goes far beyond an employee's ability to avoid forced political and religious messages in the workplace. Similar "captive audience" legislation has been introduced around the country and is an attempt to limit employers' legal rights to effectively present their case to employees during an organizing campaign. This bill was



introduced in previous years in Maryland and for the first time was passed by the House Chamber but did not advance in the Senate.

## ENVIRONMENTAL ISSUES

### **HB 49/SB 256: Building Energy Performance Standards – Alterations and Analysis**

Sponsors: MD Dept. of Environment

Status: Passed

MHLA Position: Oppose

The original Departmental bill proposed various changes to provisions related to the building energy performance standards (BEPS) for covered buildings that the MD Dept. of Environment (MDE) is charged with administering pursuant to the Climate Solutions Now Act (CSNA) from 2022.

The MHLA mission was to seek relief and amend the bill so that hotels could be in the 10-year payback period as opposed to the 25-year payback period for demonstrating economic infeasibility coming into compliance with BEPS. We met with Chairman Brian Feldman and other key senators to express our concerns. Ultimately the payback period was basically amended into a study bill so that the Legislature can do a deep dive analysis on the best way to proceed on this issue.

In the interim, the Department is authorized to charge a \$100 administrative fee to review benchmarking reports submitted by covered building owners, with the **first report due September 1, 2025**. Additionally, and of significance to Montgomery County hotels, is passage of language clarifying that covered buildings in Montgomery County must only come into compliance with county BEPS and are not required to come into compliance with state BEPS, alleviating confusion stemming from differences between the two.

### **HB 858: Mattress Stewardship Program – Establishment**

Sponsor: Del. Terri Hill

Status: Failed

MHLA Position: Monitor

This bill was not on MHLA's radar until it started gaining momentum. The bill aims to reduce landfill waste by promoting recycling of mattresses through creation of a mattress stewardship program. This program would be funded by fees collected when purchasing mattresses sold in Maryland and by the sale of recycled materials.



The bill passed out of the House and the Senate EEE committee held a hearing on the last day of session. Although not as cumbersome as initially believed, MHLA opposed the bill so that we can spend more time on the issue in the interim. We lobbied the EEE committee members to oppose this bill and the bill failed.

## **SHORT TERM RENTALS**

### **HB 1103/SB 979: Local Government – Accommodations Intermediaries- Hotel Rental Tax Collection by Comptroller**

Sponsors: Del. Atterbeary and Sen. Guzzone

Status: Passed

MHLA Position: Oppose (unless amended)

This was Airbnb's comprehensive centralized hotel tax collection bill. MHLA specifically opposed provisions that preempted Counties from imposing a higher tax rate on short-term rentals, in addition to limiting the ability for taxing authorities to audit hotel tax. MHLA was very active in negotiations with all stakeholders, as well as participating in a workgroup that Chairman Guzzone set up. MHLA was able to obtain amendments that enabled the Comptroller to audit short-term rentals in the same way that they audit everyone else. Hence, this will allow the Comptroller's office to request and analyze transaction level data and avoid preferential treatment for accommodation intermediaries during the auditing process.

### **HB 87/SB 132: Short Term Rentals and Home Amenity Rentals – Taxation, Regulation, and Crimes**

Sponsors: Del. Foley and Sen. Feldman

Status: Failed

MHLA Position: Support

We met with the House sponsor to learn the rationale for introducing the bill. We learned that her primary objective was to regulate short-term rentals of amenities, like swimming pools, as a result of a heavily attended pool party in her district. She accepted amendments from MACO, which converted the bill into a short-term rental regulatory initiative. The bill ultimately died.



## **TOURISM ISSUES**

### **HB 1016/SB 672: Baltimore Convention and Tourism Redevelopment and Operating Authority**

#### **Tax Force – Revisions**

Sponsor: Baltimore City Delegation

Status: Passed

MHLA Position: Support

This bill was significantly amended and ultimately extended the task force legislation that was passed last year. This bill requires the Task Force to identify funding sources and make recommendations on certain aspects, such as the redevelopment of the site of the Convention Center, and sustaining operations.

### **HB 1106/SB 922: Travel Services – Special Fund, Fees, and Surety Requirement**

Sponsors: Del. Boafu and Sen. Gile

Status: Failed

MHLA Position: Monitor

MHLA opted to monitor this bill but also advocated for an amendment that would have excluded hotels from the travel insurance mandate dictated by the bill. The impetus for the bill was a travel agency that neglected its duties resulting in the tragic death of several of the agency's customers. MHLA met with the bill sponsors to request an exemption, and the bill sponsors were amenable. As the House bill passed, our requested amendment was not included. This led us to even more discussions with the bill sponsors, and in these discussions, Del. Boafu insisted that hotels were not impacted unless we are the actual "travel service provider". Hence, incidental provision of transportation to someone else's travel package does not bring hotels within the scope of the bill but a hotel arranging transportation for a fee would. Either way, hotels are already insured. We also learned that the Governor's office was involved in working to pass this bill. Despite these efforts, the bill ultimately failed.



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