



**TALBOT COUNTY GOVERNMENT**  
**DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM**  
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**MEMORANDUM**

To: Talbot County Tourism Board

From: Cassandra M. Vanhooser, Director

Date: October 26, 2021

Re: Proposed Increase in Public Accommodations Tax

After meeting several times over the past few weeks, a committee made up of Tourism Board members plans to put forth a proposal for your consideration at tomorrow's meeting to increase the public accommodations tax rate by 2%, bringing the total to 6%. If approved by the County Council and passed by the Maryland Legislature, this rate would become effective Jan. 1, 2023.

**Background**

There has been no increase in the accommodations tax rate since 2005, when the rate was raised from 3% to 4%. Currently, when guests stay in one of the county's hotels, B&Bs, or short-term rentals, they pay a 6% sales tax in addition to the 4% public accommodations tax for a total of 10%. The committee, made up largely of those who collect accommodations taxes, is proposing that Talbot County raise its public accommodations tax rate to 6%, making the total tax on a transient room 12%.

**Proposal**

You will find the following documents attached for your review:

- 1) **Outline** of the proposed tax increase including proposed allocation of increased revenue.
- 2) **List** of public accommodations tax rates for every county in Maryland.
- 3) **Schedule** showing the amount of revenue if the tax rate were increased.
- 4) Brief **overview** of the work of the Talbot County Department of Economic Development and Tourism, which is supported in part by public accommodations tax revenue.
- 5) Chapter 172, Article II of the Talbot County **Code** that defines the Public Accommodations Tax.
- 6) **Table** showing tax rates from other destinations.

Please let me know if you have questions or concerns.



## Tourism Board Proposal

### Allocation of Public Accommodations Tax with Proposed 2% Increase

4%

Allocated as currently legislated.

+1%

Allocated as currently legislated, with proceeds from payments made by lodging establishments located in whole or in part within the corporation limits of a municipal corporation in the county or located within a one-mile radius of the corporate limits of a municipal corporation *paid to the governing body of the municipal corporation.*

+1%

Net proceeds allocated to the *County government* to be appropriated in the annual budget to *promote and support the travel and tourism industry and/or economic development activities* in Talbot County.

6%

Total Public Accommodations Tax Rate for Talbot County

### Why now?

- 1 Talbot County has not raised its accommodations tax rate since 2005. Today, we have the lowest rate in the state.
- 2 Planning now helps create long-term sustainability for the work of Talbot Tourism.
- 3 Additional revenue can be reinvested in tourism development to maintain Talbot County's position as a premier travel destination.
- 4 Visitors help pay for the services they use.

**Public Accommodations Tax By County**

County	Tax Rate	County	Tax Rate (Proposed)	Notes
Talbot County	4%	Calvert County	5%	
Calvert County	5%	Caroline County	5%	
Caroline County	5%	Carroll County	5%	
Carroll County	5%	Charles County	5%	
Charles County	5%	Dorchester County	5%	
Dorchester County	5%	Frederick County	5%	
Frederick County	5%	Kent County	5%	
Kent County	5%	Ocean City	5%	
Ocean City	5%	Prince George's County	5%	
Prince George's County	5%	Queen Anne's County	5%	
Queen Anne's County	5%	Somerset County	5%	
Somerset County	5%	St. Mary's County	5%	
St. Mary's County	5%	Worcester County	5%	
Worcester County	5%	Cecil County	6%	
Cecil County	6%	Harford County	6%	
Harford County	6%	Talbot County	6%	
Washington County	6%	Washington County	6%	
Washington County	6%	Wicomico County	6%	
Wicomico County	6%	Anne Arundel County	7%	
Anne Arundel County	7%	Howard County	7%	
Howard County	7%	Montgomery County	7%	Gaithersburg & Rockville pay 7% county lodging tax and 2% local lodging tax
Montgomery County	7%	Allegany County	8%	
Allegany County	8%	Garrett County	8%	
Garrett County	8%	Baltimore City	9.5%	Plus 2% tourism improvement district assessment.
Baltimore City	9.5%	Baltimore County	9.5%	
Baltimore County	9.5%			

**Talbot County Public Accommodations Taxes for Fiscal Year 2021**

<b>Year</b>	<b>4% Tax Rate</b>	<b>5% Tax Rate</b>	<b>6% Tax Rate</b>	<b>1% Collection</b>
<b>Easton</b>	398,829.13	498,536.41	598,243.69	99,707.28
<b>Oxford</b>	56,832.76	71,040.95	85,249.14	14,208.19
<b>St. Michaels</b>	691,608.19	802,504.64	913,401.09	110,896.45
<b>B&amp;B/Inn</b>	156,286.08	195,357.60	234,429.12	39,071.52
<b>STRs</b>	287,299.70	359,124.63	430,949.56	71,824.93
<b>Totals</b>	<b>\$ 1,590,855.86</b>	<b>\$ 1,988,569.82</b>	<b>\$ 2,386,283.80</b>	<b>\$ 397,713.97</b>



## The Work of Talbot County Tourism

### Mission

The Talbot County Department of Economic Development and Tourism's mission is as follows:

- Serves as Talbot County's official destination marketing organization (DMO), promoting attractions, accommodations, and services to increase visitor spending in the County with an emphasis on overnight stays.
- Positions Talbot County as a premier travel destination.
- Provides residents and visitors with information and services to ensure a positive trip experience.
- Provides technical assistance associated with business retention and expansion.

### Guiding Principles

The Talbot County Department of Economic Development and Tourism is guided by the values of honesty, integrity, and fairness in representing all businesses and seeks to enhance and protect the reputation of the county.

### Goal #1 for Talbot Tourism

The overarching goal is to **sustain and increase tourism-generated revenue in Talbot County** through excellence in tourism marketing and communications and through the development of new tourism assets. **The work of Talbot Tourism includes the following:**

#### Marketing and Communications

- Creates and manages a robust advertising program featuring Talbot County's cluster of destinations — Easton, Oxford, St. Michaels, and Tilghman Island — largely digital augmented with print, radio, and television. Key markets: Baltimore, Philadelphia, and Washington, D.C. Approximate yearly investment: \$250,000-\$300,000, which includes a state marketing grant.
- Plans and executes cooperative marketing strategy that yields more than 10,000 leads per year. Local company mails travel guides to leads generated by advertising in national magazines.
- Develops and executes a content strategy for Talbot County website and social media that supports advertising plan. Key metrics: increase in web traffic of 125.75% this year; 2,700+ travel guides downloaded as a result of digital marketing campaign.
- Actively pitches story ideas to travel writers. Prepares itineraries and hosts writers who have assignments to write about Talbot County destinations.
- Active in regional initiative that markets Maryland as an international destination. Hosts tour operators and international journalists.

- Leader in Stories of the Chesapeake Heritage Area, a grant giving organization for cultural tourism projects.
- Contributing partner in regional consortium that markets Eastern Shore and Talbot County to bus groups at American Bus Association.
- Operates Talbot County Visitors Center and provides counseling and services to people who visitor or call for information. Notable statistic: Director and assistant reported to work daily during COVID-19 pandemic; center closed to public only 10 weeks.

## Tourism Development

The Talbot County Department of Economic Development and Tourism coordinates programs that develop and market new tourism resources. The team provides technical and/ or financial assistance to tourism partners who seek to develop their own products.

### **Tourism Products** (developed, maintained, and supported financially by Talbot Tourism)

- TourTalbot.org website (redevelopment underway)
- Talbot County Travel Guide (new release in 2021)
- Talbot County Restaurant Guide (new in 2021)
- Talbot County Bike Map (scheduled for redevelopment in 2022)
- St. Michaels Water Trails Map
- Tilghman Island Water Trails Map (joint project with DNR)
- FrederickDouglassBirthplace.org (scheduled for redevelopment in 2022)
- FrederickDouglassPark.org (scheduled for redevelopment in 2022)
- Frederick Douglass Driving Tours Map Guide (new in 2021)
- The Hill Community Project Brochure, Website, and Tours

### **Tourism Development Projects**

- Frederick Douglass Park on the Tuckahoe (joint project with Parks and Recreation)
- Frederick Douglass Mural (joint project with Douglass family members)

## Aspirational Goals

- Develop new Visitors Center for Talbot County with office space for entire team and meeting and event space for rental revenue.
- Expand investment in cultural tourism projects by developing countywide grant program.
- Develop Frederick Douglass Park on the Tuckahoe into an internationally significant destination.
- Develop a corps of volunteers to staff the Visitor Center and work special events.

Talbot County, MD  
Tuesday, October 26, 2021

## Chapter 172. Taxation and Economic Incentives

### Article II. Public Accommodations Tax

[Adopted 2-25-1986 by Bill No. 232]

#### § 172-4. Definitions.

In this article, the following words have the meanings indicated:

##### **COUNTY**

Talbot County.

##### **COUNTY COUNCIL**

The County Council of Talbot County.

##### **HOTEL, MOTEL OR OTHER SIMILAR PLACE**

Any public or private hotel, inn, hostelry, tourist home or house, motel, rooming house or other similar lodging place, offering sleeping accommodations or space for one or more persons at any time, and the owner and operator thereof, which, for compensation, holds out to furnish or furnishes sleeping accommodations or space to any transient.

##### **PERSON**

Any individual, corporation, company, association, firm, copartnership or any group of individuals acting as a unit, and which includes any trustee, receiver, assignee or personal representative thereof.

##### **ROOM OR BUILDING RENTAL**

The total charge made by any hotel, motel or other similar place for sleeping accommodations or space furnished to the transient. If the charge includes any amount for services or accommodations in addition to that of the use of sleeping space, the portion of the total charge which represents only room or building rental shall be distinctly set out and billed to the transient as a separate item.

##### **TRANSIENT**

Any person who, for any period of not more than four consecutive months, obtains sleeping accommodations or space, either at his own expense or at the expense of another, in any hotel, motel or other similar place for which there is a room or building rental.

#### § 172-5. Imposition of tax.

[Amended at time of adoption of Code (see Ch. 1, General Provisions, Art. I)]

The County Council of Talbot County hereby imposes a tax up to the amount allowed under Md. Code Ann., Local Government Art., § 20-405, Subsection B(3), and set by the annual Budget and Appropriation Ordinance, for room or building rental by or for any transient at any hotel, motel or similar place providing sleeping accommodations within Talbot County.

## § 172-6. Collection required.

Every person receiving any payment for room or building rental upon which this tax is levied pursuant to this article shall collect the amount of tax imposed from the transient or person on whom it is levied or from the person paying for the room or building rental at the time payment is made. The taxes required to be collected hereunder shall be deemed held in trust by the person required to collect them until remitted as hereinafter required.

## § 172-7. Reports and remittances.

The person collecting the tax shall make out a report upon forms setting forth information that the County Council prescribes and requires, showing the amount of room or building rental charges that have been collected and the tax required to be collected. The person collecting the tax shall sign and deliver the report to the County Council, with a remittance of the tax required hereunder. The reports and remittances shall be made monthly, on or before the 20th day of each month, covering the sales and the amount of tax collected during the preceding calendar month.

## § 172-8. Failure to comply.

If any person fails or refuses to remit to the County Council the tax required to be collected and paid under this article, within the time and in the amount specified in this article, there shall be added to such person's tax, by the County Council, interest at the rate of 1% per month on the amount of the tax for each month or portion thereof from the date upon which the tax is due, as provided in this article; and if the tax remains delinquent and unpaid for a period of 120 days from the date it is due and payable, there shall be added thereto by the County Council a penalty of 10% of the amount of the tax. The County Council may proceed to collect delinquent and unpaid taxes by suit or distraint, and until such taxes are collected, they shall become a lien upon the real and personal property of the person, firm or corporation from whom they are due and shall be collectible in the same manner as real estate taxes assessed against any such property.

## § 172-9. Deduction for administrative costs.

From the total proceeds collected from the tax by the County Council, the County Council shall deduct a reasonable sum or percentage for the cost of imposing, collecting and disbursing the tax and credit their deduction to the general funds of the County, which percentage for administrative costs shall not exceed 5% of the total proceeds collected.

## § 172-10. Payment to municipal governing bodies.

That portion of the remainder of the total proceeds which came from payments made by a hotel, motel or similar place located in whole or in part within the corporation limits of a municipal corporation in the County or located within a one-mile radius of the corporate limits of a municipal corporation in the County shall be paid over to the governing body of the municipal corporation to be used to alleviate costs associated with tourism.<sup>[1]</sup>

[1] *Editor's Note: See Ch. 24, Boards, Committees and Commissions, Art. II, Board of Tourism.*

## § 172-11. Appropriation in budget.



The net proceeds of the tax available to the County government, after payment of the portion due a municipality under the preceding section, shall be appropriated in the annual budget so as to promote or support the travel and tourism industry and/or economic development (activities) in Talbot County.

## § 172-12. Verification of liability for tax.

The County Council shall obtain, from the Sales Tax Division of the Comptroller's office, information in aid of verification of liability for the tax. Expenses incurred in connection with the obtaining of this information shall be paid by the County Council and treated as a part of the costs of collecting the tax.

## § 172-13. Amendments.

This article may be amended from time to time when deemed necessary to provide for an orderly, systematic and thorough collection and distribution of the tax imposed herein and in order to comply with the laws and the rules and regulations in effect as to the retail sales tax and the state use tax in Maryland.<sup>[1]</sup>

[1] *Editor's Note: Former Section 10A-11, Increase in surety bond of Finance Officer, which immediately followed this section, was repealed 7-24-2001 by Bill No. 837.*

## § 172-14. Deduction to compensate for collection.

The person collecting the tax may apply and credit against the amount of tax payable by him an amount equal to 1 1/2% of the gross tax to be remitted by the person to the County Council, to cover his expense in the collection and remittance of the tax. However, nothing in this section applies to any person who fails or refuses to file his return with the County Council within the time prescribed within this article.

## § 172-15. Filing of surety bond.

The County Council, in order to protect the revenues to be obtained under this article, may require any person collecting the tax, who has previously been in default, to file with the Council a surety bond issued by a surety company authorized to do business in the State of Maryland and approved by the State Insurance Commissioner as to solvency and responsibility, in such amount or amounts from time to time as the County Council may fix to secure the payment of the tax due or which may become due from the person collecting the tax. If the Council determines that the person is to file such a bond, the Council shall cause notice to be given to the person to that effect, specifying the amount of bond required. The person collecting the tax shall file the bond within five days after receiving the notice, unless within that period he requests, in writing, a hearing before the Council, at which hearing the necessity, propriety and amount of the bond shall be determined by the County Council. This determination is final and shall be complied with within 15 days after the person collecting the tax receives notice hereof.

## § 172-16. Deposit of securities in lieu of bond.

In lieu of the bond required by § 172-15 of this article, securities approved by the County Council or cash in such amounts as the Council prescribes may be deposited and shall be kept in the custody of the Council. The Council, at any time, without notice to the depositor of the securities or cash, may apply them to any tax due, and, for that purpose, the securities may be sold by the County Council at public or private sale without notice to the depositor of the securities.

### Similar Product Tax Data (10/13/2021)

City/Town	Lodging Tax Rate % <i>(does not include any state tax)</i>	Notes
Asheville, NC	6	The hotel tax adds 6% to the 7% sales tax, for a total of 13% for each night visitors spend in a hotel in the county. Of that 6%, 1.5% funds the Tourism Product Development Fund. The other 4.5% must go to sales and marketing of Buncombe County and support of local businesses that drive tourism.
Aspen, CO	2	25% to fund the Local Transit Services and 75% to promote tourism in Aspen
Bar Harbour, ME	State tax only	State tax of 9%
Berkshire County, MA	6	Pittsfield- county seat
Camden, ME	State tax only	State tax of 9%
Cape Cod, MA	6	Barnstable and Nantucket
Cape May, NJ	2	In addition to 3 other state tax add-ons
Charleston, SC	4	2% to Charleston City and 2% to Charleston County
Hamptons, NY	3	Suffolk County
La Jolla, CA	10.5	Within City of San Diego
Mystic, CT	8.65	
Nashville, TN	6	Plus \$2 city tax for Convention Center
Savannah, GA	6	(State \$5 per room + 7% state tax + Sav \$1 per room)