

SENATE BILL 529

Q8

1lr1978
CF 1lr2881

By: **Senator Elfreth (By Request – Anne Arundel County Administration)**

Introduced and read first time: January 22, 2021

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Anne Arundel County – Hotel Tax Alterations – Distribution of**
3 **Revenue**

4 FOR the purpose of requiring a certain percentage of the hotel tax revenue generated in
5 the City of Annapolis to be distributed to a special fund to be used only to provide
6 funds to the Annapolis Art in Public Places Commission; requiring the Commission
7 to report to the City of Annapolis and certain committees and members of the
8 General Assembly on or before a certain date; requiring certain percentages of the
9 hotel tax revenue generated in the City of Annapolis and Anne Arundel County to
10 be distributed to certain special funds; altering a certain reporting requirement;
11 authorizing the County Auditor of Anne Arundel County to conduct an audit of
12 certain organizations; requiring the Auditor to report any audit findings to the
13 County Executive of Anne Arundel County; authorizing Anne Arundel County and
14 the City of Annapolis to withhold funds dedicated to certain organizations under
15 certain circumstances; making a stylistic change; defining certain terms; and
16 generally relating to the hotel tax in Anne Arundel County.

17 BY repealing and reenacting, with amendments,
18 Article – Local Government
19 Section 20–603
20 Annotated Code of Maryland
21 (2013 Volume and 2020 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
23 That the Laws of Maryland read as follows:

24 **Article – Local Government**

25 20–603.

26 (a) By ordinance, Anne Arundel County may impose a sales or use tax on:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(1) fuel and utilities used by commercial and industrial businesses;

(2) residential, commercial, and industrial telephone service; and

(3) space rentals other than space rentals for the docking or storing of boats.

(b) (1) Any revenues collected under subsection (a)(1) and (2) of this section in the City of Annapolis shall be allocated and distributed in equal amounts to the City of Annapolis and to Anne Arundel County.

(2) Except as otherwise provided in this subsection, any revenue generated in the City of Annapolis from the tax on space rentals shall be collected and retained by the City of Annapolis.

(3) Except as provided in paragraph (6) of this subsection, any revenue generated in the City of Annapolis from the hotel tax shall be collected by Anne Arundel County.

(4) From any revenue generated in the City of Annapolis from the hotel tax, Anne Arundel County shall distribute:

(I) 3% TO A SPECIAL FUND TO BE USED ONLY TO PROVIDE FUNDS TO THE ANNAPOLIS ART IN PUBLIC PLACES COMMISSION;

[(i)] (II) 3% to A SPECIAL FUND TO BE USED ONLY TO PROVIDE FUNDS TO the Arts Council of Anne Arundel County, Inc.; and

[(ii)] (III) 17% to A SPECIAL FUND TO BE USED ONLY TO PROVIDE FUNDS TO the Annapolis and Anne Arundel County Conference and Visitors Bureau.

(5) After making the distributions required under paragraph (4) of this subsection, the balance of the revenue generated in the City of Annapolis from the hotel tax shall be distributed to the City of Annapolis.

(6) (i) Anne Arundel County may authorize the City of Annapolis to collect revenue generated in the City of Annapolis from the hotel tax.

(ii) If Anne Arundel County authorizes the City of Annapolis to collect revenue generated in the City of Annapolis from the hotel tax, the City of Annapolis shall distribute a percentage of the revenue in accordance with paragraph (4) of this subsection and retain the balance of the revenue generated.

(c) (1) From the county's share of revenue from the hotel tax, Anne Arundel County shall distribute:

(i) 3% to **A SPECIAL FUND TO BE USED ONLY TO PROVIDE FUNDS TO the Arts Council of Anne Arundel County, Inc.; and**

(ii) 17% to **A SPECIAL FUND TO BE USED ONLY TO PROVIDE FUNDS TO the Annapolis and Anne Arundel County Conference and Visitors Bureau.**

(2) After making the distributions required under paragraph (1) of this subsection, the balance of the county's share of revenue from the hotel tax shall be credited to the general fund of the county.

(D) (1) ON OR BEFORE NOVEMBER 1 EACH YEAR, THE ANNAPOLIS ART IN PUBLIC PLACES COMMISSION SHALL REPORT ON ITS USE OF HOTEL TAX REVENUE DURING THE PRECEDING FISCAL YEAR TO:

(I) THE MAYOR AND CITY COUNCIL OF THE CITY OF ANNAPOLIS; AND

(II) IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE SENATE BUDGET AND TAXATION COMMITTEE, THE HOUSE COMMITTEE ON WAYS AND MEANS, AND THE MEMBERS OF THE GENERAL ASSEMBLY REPRESENTING THE CITY OF ANNAPOLIS.

(2) IF THE ANNAPOLIS ART IN PUBLIC PLACES COMMISSION FAILS TO SUBMIT THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE CITY OF ANNAPOLIS MAY WITHHOLD FROM APPROPRIATION SPECIAL FUNDS DEDICATED TO THE COMMISSION UNDER THIS SECTION.

[(d)] (E) (1) The Arts Council of Anne Arundel County, Inc. and the Annapolis and Anne Arundel County Conference and Visitors Bureau shall report ON THEIR USE OF HOTEL TAX REVENUE DURING THE PRECEDING FISCAL YEAR to:

(I) the Anne Arundel County Executive;

(II) THE MAYOR AND CITY COUNCIL OF THE CITY OF ANNAPOLIS; AND

(III) IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE SENATE BUDGET AND TAXATION COMMITTEE, THE HOUSE COMMITTEE ON WAYS AND MEANS, and the members of the General Assembly representing Anne Arundel County [on their use of hotel tax revenue during the preceding fiscal year].

(2) THE COUNTY AUDITOR OF ANNE ARUNDEL COUNTY:

(I) MAY CONDUCT AN AUDIT OF THE FINANCIAL RECORDS OF THE ARTS COUNCIL OF ANNE ARUNDEL COUNTY, INC. OR THE ANNAPOLIS AND ANNE ARUNDEL COUNTY CONFERENCE AND VISITORS BUREAU; AND

(II) SHALL REPORT ANY AUDIT FINDINGS UNDER ITEM (I) OF THIS PARAGRAPH TO THE GOVERNING BODY OF ANNE ARUNDEL COUNTY.

(3) (I) THE CITY OF ANNAPOLIS OR ANNE ARUNDEL COUNTY MAY WITHHOLD FROM APPROPRIATION SPECIAL FUNDS DEDICATED TO THE ARTS COUNCIL OF ANNE ARUNDEL COUNTY UNDER THIS SECTION IF THE COUNCIL FAILS TO:

1. SUBMIT THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION; OR

2. CORRECT ANY AUDIT FINDINGS IDENTIFIED UNDER PARAGRAPH (2) OF THIS SUBSECTION.

(II) THE CITY OF ANNAPOLIS OR ANNE ARUNDEL COUNTY MAY WITHHOLD FROM APPROPRIATION SPECIAL FUNDS DEDICATED TO THE ANNAPOLIS AND ANNE ARUNDEL COUNTY CONFERENCE AND VISITORS BUREAU UNDER THIS SECTION IF THE BUREAU FAILS TO:

1. SUBMIT THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION; OR

2. CORRECT ANY AUDIT FINDINGS IDENTIFIED UNDER PARAGRAPH (2) OF THIS SUBSECTION.

[(e)] (F) The hotel tax authorized under this section does not apply to the sale of a right to occupy a room or lodgings as a transient guest at a dormitory or other lodging facility that:

(1) is operated solely in support of the headquarters, a training facility, a conference facility, an awards facility, or the campus of a corporation or other organization;

(2) provides lodging solely for employees, contractors, vendors, and other invitees of the corporation that owns the dormitory or lodging facility; and

(3) does not offer lodging services to the general public.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2021.