

**M E M O R A N D U M**

TO: County Council

FROM: Jeff Zyontz, Senior Legislative Analyst 

SUBJECT: **Introduction:** Expedited Bill 6-16,  
Taxation – Room Rental and Transient Tax - Definitions

Expedited Bill 6-16, Taxation – Room Rental and Transient Tax - Definitions, is scheduled to be introduced on March 15, 2016. The Lead Sponsor is the Council President at the request of the County Executive. A public hearing is tentatively scheduled for April 5, 2016 at 1:30 p.m.

Bill 6-16 would clarify the definition of broker to include entities that facilitate or arrange payment of room rental for sleeping accommodations; and clarify that service fees or broker fees charged by brokers or other entities for sleeping accommodations are within the definition of room rental for purposes of calculation of the tax.

The Bill would also make editorial changes to locate definitions in alphabetical order and conform the expression of the definition to code standards.

| This packet contains:      | <u>Circle #</u> |
|----------------------------|-----------------|
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Expedited Bill No. 6-16  
Concerning: Taxation – Room Rental and  
Transient Tax – Definitions  
Revised: March 2, 2016 Draft No. 4  
Introduced: March 15, 2016  
Expires: September 15, 2017  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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Lead Sponsor: Council President at the Request of the County Executive

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**AN EXPEDITED ACT** to:

- (1) clarify the definition of broker to include entities that facilitate or arrange payment of room rental for sleeping accommodations;
- (2) clarify that service fees or broker fees charged by brokers or other entities for sleeping accommodations are within the definition of room rental for purposes of calculation of the tax; and
- (3) generally amend the room rental and transient tax.

By amending

Montgomery County Code  
Chapter 52, Taxation  
Section 52-16

|                              |  |
|------------------------------|--|
| <b>Boldface</b>              | <i>Heading or defined term.</i>                            |
| <u>Underlining</u>           | <i>Added to existing law by original bill.</i>             |
| [Single boldface brackets]   | <i>Deleted from existing law by original bill.</i>         |
| <u>Double underlining</u>    | <i>Added by amendment.</i>                                 |
| [[Double boldface brackets]] | <i>Deleted from existing law or the bill by amendment.</i> |
| * * *                        | <i>Existing law unaffected by bill.</i>                    |

*The County Council for Montgomery County, Maryland approves the following Act:*

1           **Sec. 1. Section 52-16 is amended as follows:**

2   **52-16. Room rental and transient tax**

3   \*     \*     \*

4           (b)   The following words and phrases, when used in this Section, have the  
5                   following meanings:

6                   [Transient: An individual who, for any period of 30 or fewer consecutive  
7                   days, actually occupies a sleeping accommodation.]

8                   *Broker*[: A] means a person, other than the owner or operator of a hotel  
9                   or motel, that receives, facilitates or arranges payment, directly,  
10                   indirectly, or through an online platform, for hotel or motel  
11                   accommodations from a transient who is subject to the tax under  
12                   subsection (a).

13                   Director means the Director of Finance or the Director’s designee.

14                   *Hotel or motel means*[: (1) Any] any hotel, inn, hostelry, tourist home or  
15                   house, motel, apartment hotel, rooming house, dwelling unit or other  
16                   lodging place that offers for compensation sleeping accommodations in  
17                   the County. [(2)] A hotel or motel does not include:

18                   (1)   [(A)] a hospital, medical clinic, nursing home, rest home,  
19                   convalescent home, assisted living facility, or home for elderly  
20                   individuals; or

21                   (2)   [(B)] a facility owned or leased by an organization that is exempt  
22                   from taxation under section 501(c)(3) of the Internal Revenue  
23                   Code if the primary use of the facility is other than housing  
24                   overnight guests.

25                   *Hotelkeeper*[: A] means a person that:

- 26                   (1)   owns or operates a hotel or motel; or
- 27                   (2)   acts as a broker.

28 *Room rental*[; The] means the total charge required to be paid by a  
29 transient for a sleeping accommodation. Room rental includes any  
30 service fee, broker’s fee, or other charge or fee required to be paid by the  
31 transient regardless of what the charge is called or how the charge is  
32 designated. Room rental does not include any optional charge for  
33 services in addition to the charge for use of sleeping space, such as Wi-  
34 Fi access, food, beverage, movie rental, or fitness center access. The  
35 portion of the total charge, if any, that represents a charge other than room  
36 rental must be separately billed.

37 *Transient* means an individual who, for any period of 30 or fewer  
38 consecutive days, actually occupies a sleeping accommodation.

39 [Director: Director of Finance or the Director’s designee.]

40 \* \* \*

41 **Sec. 2. Expedited Effective Date:** The Council declares that this legislation is  
42 necessary for the immediate protection of the public interest. This Act takes effect on  
43 the date on which it becomes law.

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45 *Approved:*

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\_\_\_\_\_  
Nancy Floreen, President, County Council Date

48 *Approved:*

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\_\_\_\_\_  
Isiah Leggett, County Executive Date

## LEGISLATIVE REQUEST REPORT

Expedited Bill 6-16

*Taxation – Room Rental and Transient Tax - Amendments*

- DESCRIPTION:** This Bill would amend County law by clarifying that portion of the room rental charge that is subject to the County's Room Rental and Transient Tax.
- PROBLEM:** With the expansion in the number of brokers and the use of different terms to describe non-discretionary charges to the transient it is necessary to further clarify the calculation of the transient tax.
- GOALS AND OBJECTIVES:** To facilitate the efficient and orderly assessment and collection of the Room Rental and Transient Tax.
- COORDINATION:** Department of Finance
- FISCAL IMPACT:** To be requested.
- ECONOMIC IMPACT:** To be requested.
- EVALUATION:** Subject to the general oversight of the County Executive and the County Council.
- EXPERIENCE ELSEWHERE:** Unknown.
- SOURCE OF INFORMATION:** Michael J. Coveyou, Chief, Division of Treasury, Department of Finance
- APPLICATION WITHIN MUNICIPALITIES:** None.
- PENALTIES:** None.