



Frequently Asked Questions

Rental Housing Ordinance

1. Who is required to have a rental license or business license related to the renting of a rental housing unit under Town Code, Chapter 14 Businesses, Article V, Rental Housing?

Response: Anyone that rents a premise for habitation or rental housing unit which is defined as “any space in any building, which for a consideration, is made available by any person to another person for habitation purposes.”

Premises for habitation include: condominium units, cooperatives, and townhouses, whether rented individually or by a rental pool agreement, per unit; apartments, cottages; hotels, motels, inns, motor courts, cabins or other similar establishments offering accommodations on the premises for public rental; rooming houses, boarding houses, dormitories, or private houses offering rooms for public rental (per room); single family homes and any other rental housing unit.

The holder of the license shall be the property owner.

Single family homes and condos shall obtain a rental license. All other types of habitation shall obtain a business license.

2. When does the applicable license need to be applied for?

Response: New licenses of either type may be applied for at any time during the year, however, the license shall be in place prior to any advertising of the property for rent. The license is valid for that licensing year and renewable for additional one-year terms.

The licensing year for rental licenses runs from May 1st through April 30th of the following year. The licensing year for business licenses is from June 1st through May 31st of the following year.

If there is a change of ownership in the property, the new property owner shall promptly apply for the applicable new license.

3. How do you apply for the applicable license?

Response: You may apply for a license by going to the Town website, <https://oceancitymd.gov/oc/departments/finance/new-licenses>, printing the forms and mailing them to the Town:

Town of Ocean City Licensing Department
P.O. Box 5000
Ocean City, Maryland 21843

Applications may also be dropped off at City Hall:
Finance Department
301 N. Baltimore Avenue
Ocean City, Maryland 21842

If you have any questions call Lori Calloway, License Inspector, at #410-289-8833.

4. What is the cost of the applicable license?

Rental license	\$141.00
R-1 Zone Rental license	\$191.00
Business license	\$141.00 plus applicable per room fees

(All rental and business license fees include a mandatory annual noise control permit fee of \$25.00 - cost included in the above fee).

5. How is the applicable license renewed?

Response: Licenses shall be renewed on annual basis. License renewal notices are mailed in early March (rental licenses) and April (business licenses). Instructions for renewal are included in the renewal notices. Additionally, license renewals can be applied for and paid for online - <https://oceancitymd.gov/oc/departments/finance/bill-payments/>, or the form may be mailed in with the payment.

6. Do the licensing requirements apply to third party rental companies (hosting platforms) such as Air BNB, Home Away, VRBO and all other similar platforms?

Response: Yes. It is required of the property owner regardless of how they choose to make their property available for rent.

7. The ordinance indicates that the hosting platform or property manager must verify the license of the property owner. Does this mean if an owner presents a physical copy of their license that would not be sufficient?

Response: If the property owner provides a copy of the license, a person, the hosting platform and property manager can verify the license's validity by one of the following four methods. Verification is required.

a. Contacting the Town of Ocean City Licensing Department to verify the license by calling #410-289-8833. The License Inspector is available Monday through Friday, during normal business hours.

b. Using the Town of Ocean City GIS Mapping Tool – <https://tocgis.maps.arcgis.com/home/index.html>.

c. A municipal portal created by the hosting platform or property manager that allows the Town access to rental housing unit data for the corporate limits of Ocean City, to include but not limited to the following information: the Town license number, the property listing ID number given by the company, the address or location information provided by the property owner/property manager/host, and the property owner name if it is available.

d. A monthly report submitted to the Town of Ocean City Department of Planning and Community Development that contains each rental housing unit the hosting platform or property manager is facilitating in the corporate limits of Ocean City, to include but not limited to the following information: the Town license number, the property listing ID number given by the company, the location if any posted by the property owner/property manager/host, and the associated URL to the listing.

8. How would the change in ownership for a property that is currently advertised for rent be handled? How long will it take for the new owner to obtain a license from the Town? What happens in the interim period when a new owner does not have a license?

Response: The new owner should apply for the license. Property managers and realtors should inform their clients that a license is needed from the Town and share the steps they need to take to obtain said license. The Town turns the license applications around in several business days. As long as the new owner has applied, no enforcement action will be taken against them while the application is pending with the Town. The new owner still needs a license even if they are not doing their own new bookings but have inherited existing bookings from the previous owner.

9. Is there a change of ownership grace period?

Response: There is no formal grace period. Owners shall apply and there is no enforcement action during that time period. If an owner does not apply, there will be enforcement action. Lack of knowledge of the license requirement is not an excuse. Every property owner has the responsibility to have knowledge of the laws in the location where they own property.

10. The ordinance states that all advertising, including print, is required to list the license control number. We do a rental brochure each year and have multiple units within a specific listing/complex. How will that be addressed?

Response: The ordinance requires that the license control number is on every advertisement. No exceptions. The license control number is short and should not inhibit print advertisement. If a property management company has multiple units within one building, they can list all control numbers for that complex. Updates to a printed brochure must be maintained and available upon request.

11. Does the license control number only need to show on the website booking page, or all pages that show the property?

Response: All advertising shall include the license control number. The license control number shall be on the page advertising the property and on the booking page to be included with the booking confirmation. A hosting platform or property manager that does not input the information to create the advertisement or listing, shall provide a mandatory field on their online site in which the rental license control number or the business license control number are required to be entered. This field shall be displayed on/in the advertisement or listing.

12. Will the license control number continue to change every year?

Response: No, the license control number remains constant. The rental license control number and/or business license control number will only change with a change in property owner.

13. As to tax collection, if the property management company or hosting platform collects and pays both the sales and occupancy tax on behalf of our property owners, is the property owner still required to register with the Maryland State Comptroller?

Response: If the property manager has registered the property with the Maryland State Comptroller's Office, the property owner does not also need to register. However, if the property manager has not or does not do so, the property owner must register with the Comptroller's Office.

14. If a third party platform requests a room tax ID number or some other property ID number for the collection of taxes, what number shall I provide?

Response: You should provide the State Department of Assessments and Taxation Account Identifier Number - it is a two-digit district number followed by six digits. You can obtain your tax account identifier, if you do not have it, at the following website:

<https://sdat.dat.maryland.gov/RealProperty/Pages/default.aspx>. You can look up your property by address and the account identifier is at the top of the page.

15. What is the obligation with respect to current and/or upcoming rentals if a license is suspended under Town Code §14-174 (d)(2)?

Response: The property cannot be rented if the license has been suspended. The violation needs to be corrected before rentals can resume.

16. Would a suspended license prevent a hosting platform or property manager from advertising, listing, or otherwise facilitating future booking transactions?

Response: Yes. Advertising shall cease and future bookings shall not be made.

17. What are the potential penalties for violating this ordinance?

Response: A violation of the ordinance could subject you to the issuance of a municipal infraction carrying a fine of a minimum of \$25.00, but not more than \$1,000.00. Each day of violation shall be considered a separate violation and be subject to a fine. Additionally, the Town may pursue any other civil remedy or enforcement action authorized by law. Finally, the business or rental license may be suspended or revoked.