

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 1036 (Delegate Conaway)
Ways and Means

**Baltimore City - Admissions and Amusement Tax - Additional Tax on
Nonresidents**

This bill authorizes Baltimore City to establish different admissions and amusement tax rates for residents and nonresidents of Baltimore City on admissions and amusement charges for cultural centers and attractions in Baltimore City.

The bill takes effect June 1, 2013.

Fiscal Summary

State Effect: None.

Local Effect: Potential reduction in Baltimore City admissions and amusement tax revenues to the extent different tax rates are set for residents and nonresidents of Baltimore City. Expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Current Law/Background: Local governments are authorized to tax the gross receipts derived from (1) the charge for admission to a place, including any additional separate charge for admission within an enclosure; (2) use of a game of entertainment; (3) use of a recreational sports facility; (4) use or rental of recreational or sports equipment; and (5) merchandise, refreshments, or a service sold or served in connection with entertainment at a nightclub or room in a hotel, restaurant, hall, or other place where dancing privileges, music, or other entertainment is provided. An “admissions and

amusement charge” does not include a charge for admission to a political fundraising event.

Local governments may also impose a tax on admission for a reduced charge or at no charge to a place that otherwise charges admission. An admissions and amusement tax may not be imposed by a county in a municipality if that municipality already imposes a similar tax or specifically exempts any gross receipts from the admissions and amusement tax.

Each local government sets its own single tax rate or range of rates. This rate is expressed as a percentage of gross receipts, up to a maximum rate of 10%. The Maryland Stadium Authority (MSA) may impose an admissions and amusement tax at its facilities of up to 8%. In those instances where gross receipts are subject to both a local and a MSA admissions and amusement tax, the MSA tax takes precedence. MSA imposes the maximum 8% rate at both stadiums at Camden Yards. Therefore, Baltimore City may only impose a maximum 2% admissions and amusement tax on those receipts.

The local admissions and amusement tax is further limited by the State sales and use tax. The maximum tax rate on the gross receipts subject to both the State sales and use tax and the local admissions and amusement tax may not exceed 11%. Therefore, if the 6% State sales and use tax applies to these receipts, the local admissions and amusement tax may not exceed 5%. This limitation on the local tax arises primarily on performances accompanied by some type of food service (*e.g.*, dinner theaters).

Counties, municipalities, and MSA are authorized to classify different types of activities, and the rate of tax need not be the same for each type. If a municipal government does not levy a tax, the county tax, if any, applies within the municipality. All counties (with the exception of Caroline and Frederick counties), Baltimore City, and most municipalities impose an admissions and amusement tax.

Local Fiscal Effect: Baltimore City’s admissions and amusement tax rate is 10%, which is the maximum tax rate allowed by law. As such, any different rates that are set for residents and nonresidents of Baltimore City will have to be lower than the current tax rate, which will in turn result in a reduction in Baltimore City’s admissions and amusement tax revenues. Baltimore City is projected to collect approximately \$8.0 million in admissions and amusement tax revenues in fiscal 2013.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City, Comptroller's Office, Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2013
ncs/jrb

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