

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1206
Ways and Means

(Delegate P. Young, *et al.*)

Baltimore County - Admissions and Amusement Tax - Classes and Rates

This bill alters the admissions and amusement tax rate imposed on certain activities in Baltimore County.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: General fund expenditures for the Comptroller's Office increase by \$204,000 in FY 2017 for tax form and computer programming changes. State revenues are not affected.

Local Effect: Baltimore County admissions and amusement tax revenues decrease by a significant amount beginning in FY 2017. The amount of the decrease depends on the number of activities and events that are subject to the admissions and amusement tax rates proposed by the bill. Local expenditures are not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill specifies that the admissions and amusement tax rate in Baltimore County may not exceed 5% of the gross receipts derived from the admissions and amusement charges for (1) use or rental of recreational or sports equipment; (2) admission to a concert, an opera, or live theater; (3) use of an indoor athletic facility for basketball, climbing, soccer, tennis, or volleyball; (4) golf greens fees, rental of a golf cart, or use of a

driving range; and (5) sales of entertainment that does not include the sale, service, provision, or delivery of alcoholic beverages. The rate may not exceed 7% for the gross receipts derived from the admissions and amusement charges for admission to a movie theater.

Current Law: The Baltimore County admissions and amusement tax rate is currently 10%. Baltimore County is estimated to collect \$5.5 million in admissions and amusement tax revenues in fiscal 2016.

Background: Counties and municipalities are authorized to tax the gross receipts derived from (1) the charge for admission to any place furnishing a performance such as a movie theater or sports stadium; (2) the use or rental of sporting or recreational facilities; (3) the merchandise, refreshments, or services sold or served in connection with entertainment at a nightclub or a room in a hotel, restaurant, hall, or other place where dancing privileges, music, or other entertainment is provided; (4) use of a game of entertainment; and (5) use or rental of recreational or sports equipment.

Counties and municipalities 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 in a municipality by a county if the municipality already imposes a similar tax or specifically exempts any gross receipts from the admissions and amusement tax.

The Maryland Stadium Authority is authorized to impose a tax on the gross receipts derived from any admissions and amusement charge for a facility owned or leased by the stadium authority. The stadium authority also may impose an additional tax for each person provided with a free admission or an admission at a reduced charge to a stadium authority facility. Currently, these taxes are imposed at both stadiums at Camden Yards (Orioles and Ravens).

Each county or municipality 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 stadium authority 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 stadium authority admissions and amusement tax, the stadium authority tax takes precedence. The stadium authority 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 the stadium authority are authorized to classify different types of activities, and the rate of tax need not be the same for each type. If a municipality 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. There are numerous statewide and county specific admissions and amusement tax exemptions set out under State law.

State Fiscal Effect: Admissions and amusement taxes are collected by the Comptroller's Office and distributed to the counties. The Comptroller's Office reports that the tax rate changes in Baltimore County will require form changes (\$104,000) and computer programming changes (\$100,000) which will result in a total general fund expenditure increase of \$204,000 in fiscal 2017.

Local Fiscal Effect: Baltimore County admissions and amusement tax revenues decrease by a significant amount beginning in fiscal 2017. The amount of the decrease depends on the number of activities and events that are subject to the admissions and amusement tax rates proposed by the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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