

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 842  
Ways and Means

(Delegate Folden, *et al.*)

Budget and Taxation

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Admissions and Amusement Tax - Exemption for School Field Trips

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This bill authorizes county and municipal governments to exempt gross receipts from any charge for admission to participate in a State public school field trip or similar State public school activity from county and municipal admissions and amusement taxes.

The bill takes effect July 1, 2017.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** County and municipal admissions and amusement tax revenues may decrease beginning in FY 2018 to the extent exemptions are granted. The amount of the revenue decrease depends on the gross receipts from various admissions charges for public school field trips that are subject to county and municipal admissions and amusement taxes. Expenditures are not affected.

**Small Business Effect:** None.

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Analysis

**Current Law/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.

**Local Fiscal Effect:** County and municipal admissions and amusement tax revenues may decrease beginning in fiscal 2018 to the extent exemptions are granted. The amount of the revenue decrease depends on the gross receipts from various admissions charges for public school field trips that are subject to county and municipal admissions and amusement taxes. Queen Anne's County advises that the county does not collect admissions and amusement taxes on any school field trips.

**Exhibit 1** shows county admissions and amusement tax collections for fiscal 2015 through 2017. As a point of reference, if collections from public school field trips account for 1% of total county admissions and amusement tax collections in those counties that impose the tax, total county revenues may decrease by approximately \$483,000 annually beginning in fiscal 2018 if all counties provide the exemption.

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**Exhibit 1**  
**Admissions and Amusement Tax Revenues**  
**Fiscal 2015-2017**

<u>County</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Allegany	\$320,462	\$220,000	\$250,000
Anne Arundel	8,404,163	8,540,000	8,837,000
Baltimore City	8,235,793	7,690,000	8,465,000
Baltimore	5,485,855	5,531,923	4,998,896
Calvert	17,598	30,000	30,000
Caroline	0	0	0
Carroll	353,936	298,700	306,000
Cecil	125,507	135,000	135,000
Charles	753,104	797,200	737,000
Dorchester	435	500	500
Frederick	0	0	0
Garrett	751,904	890,000	890,000
Harford	532,158	545,000	530,000
Howard	2,986,473	2,700,000	2,123,657
Kent	11,985	10,480	20,700
Montgomery	2,753,644	2,908,800	3,065,887
Prince George's	12,996,148	12,788,000	16,838,000
Queen Anne's	155,396	160,000	158,100
St. Mary's	79,935	85,000	110,000
Somerset	16,803	22,000	16,000
Talbot	36,065	40,000	30,000
Washington	281,568	300,000	300,000
Wicomico	183,292	100,000	100,000
Worcester	481,275	560,000	500,000
<b>Total</b>	<b>\$44,963,499</b>	<b>\$44,352,603</b>	<b>\$48,441,740</b>

Source: Department of Legislative Services; County Budgets

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Carroll, Harford, Montgomery, Queen Anne's, and St. Mary's counties; Maryland Association of Counties; City of Bowie; Maryland Municipal League; Comptroller's Office; Maryland State Department of Education; Department of Legislative Services

**Fiscal Note History:**      First Reader - February 28, 2017  
mm/jrb                              Third Reader - March 23, 2017  
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