

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 983

(Senator Miller)

Budget and Taxation

Ways and Means

Maryland Historical Society - Funding

This bill requires, for fiscal 2020 and each fiscal year thereafter, that \$250,000 of revenue from the State admissions and amusement (A&A) tax on electronic bingo and electronic tip jars be distributed to the Maryland Historical Society (MdHS) instead of being distributed to the Special Fund for Preservation of Cultural Arts in Maryland (POCA) or the Maryland State Arts Council (MSAC). **The bill takes effect June 1, 2018.**

Fiscal Summary

State Effect: None. The bill redirects existing State A&A tax revenue – that otherwise would be distributed to POCA – to MdHS, having no net effect on revenues or expenditures. **This bill establishes a mandated appropriation beginning in FY 2020.**

Local Effect: None. The bill does not directly affect local government finances.

Small Business Effect: None.

Analysis

Current Law: A State A&A tax is imposed on the net proceeds derived from any charge for the operation of an electronic bingo machine permitted under a commercial bingo license or an electronic tip jar machine that is operated for commercial purposes. The State tax rate may not exceed a rate that when combined with the rate of any local tax will exceed 35%.

For fiscal 2019 through 2021, revenues attributable to a State A&A tax rate of 20% imposed on electronic bingo and electronic tip jars are distributed to the Maryland

E-Innovation Initiative Fund, and revenues attributable to a rate of 5% are distributed to MSAC (\$1.0 million in each fiscal year) and POCA (remaining revenues). After fiscal 2021, revenues attributable to a State A&A tax rate of 20% imposed on electronic bingo and electronic tip jars are distributed to the general fund, and revenues attributable to a rate of 5% are distributed to POCA. From the revenue attributable to a tax rate of 5% that is distributed to POCA or MSAC, beginning in fiscal 2019, \$250,000 must be distributed annually to the Arts Council of Anne Arundel County.

Background:

State A&A Tax on Electronic Bingo and Electronic Tip Jars

Revenue from the State A&A tax on electronic bingo and electronic tip jars is generated only in Anne Arundel and Calvert counties and, in fiscal 2017, \$13.3 million in total revenue was generated.

Maryland Historical Society and Planned Use of Funding

MdHS is a nonprofit organization that has been in existence since 1844, serving the State through its collections, museum, library, press, and educational programs. It has the mission of educating people of all ages about Maryland's history through its collections and of collecting and preserving important objects, printed materials, and images from prehistoric Maryland to the present day.

While the bill does not specify how the funding distributed to MdHS must be used, MdHS indicates that it intends to use the funding to establish and fund a program offering grants to Maryland's history museums, consistent with past recommendations for the State to partner with an outside organization to assist the museums. A 2016 report by the Maryland Historical Trust (submitted in response to a request by the budget committees in the 2016 *Joint Chairmen's Report*) discussed the museums' need for funding and recommended awarding a block grant to a partner organization as an alternative approach for the delivery of State funds to the State's historical and cultural museums, if a State-run program was not feasible.

POCA and MSAC

MSAC, within the Department of Commerce, awards grants to nonprofit organizations for ongoing arts programming and projects, awards grants to individual artists, and provides technical and advisory assistance to individuals and groups.

POCA, administered by the Department of Commerce, has the purpose of providing supplemental grants to cultural arts organizations in the State that qualify for general operating support grants from MSAC.

Additional Comments: While, in fiscal 2020 and 2021 (when both MSAC and POCA receive revenue from the State A&A tax on electronic bingo and electronic tip jars), the bill does not specify whether the \$250,000 distributed to the Maryland Historical Society is subtracted from the revenue otherwise distributed to MSAC or the revenue otherwise distributed to POCA, it is assumed in this fiscal and policy note that the amount is subtracted from the revenue that otherwise is distributed to POCA, since statute specifies a defined amount (\$1 million) that is distributed to MSAC with the remainder distributed to POCA.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Commerce; Comptroller's Office; Maryland Department of Planning; Maryland Historical Society; Department of Legislative Services

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