

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1280
Ways and Means

(Delegate Howard, *et al.*)

Admissions and Amusement Tax - Small Business Exemption

This bill prohibits a county or municipality from imposing the admissions and amusement tax on the gross receipts of a business that has total gross receipts of less than \$75,000 in a calendar year. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: None.

Local Effect: Local revenues decrease by an indeterminate amount beginning in FY 2021. Local expenditures are not affected.

Small Business Effect: Potential meaningful. Eligible small businesses will pay less in admissions and amusement taxes.

Analysis

Current Law: 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.

Each unit of 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 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 municipal government does not levy a tax, the county tax, if any, applies within the municipality.

Background: The admissions and amusement tax is imposed in all counties (with the exception of Caroline and Frederick counties), Baltimore City, and most municipalities. Tax rates for Maryland counties for fiscal 2019 and 2020, as well as the estimated revenues for fiscal 2020 are shown in **Exhibit 1**. Additional information on local admissions and amusement tax rates and revenues can be found in the [County Revenue Outlook report](#). A copy of the report is available on the Department of Legislative Services website.

Exhibit 1
Admissions and Amusement Tax Rates and Revenue Amounts

County	Population	County Tax Rates		Revenues FY 2020	Per Capita Revenues	Per Capita Ranking
		FY 2019	FY 2020			
Allegany	70,975	7.5%	7.5%	\$220,000	\$3	11
Anne Arundel	576,031	10.0%	10.0%	7,330,000	13	4
Baltimore City	602,495	10.0%	10.0%	8,300,000	14	3
Baltimore	828,431	10.0%	10.0%	6,532,500	8	7
Calvert	92,003	1.0%	1.0%	30,000	0	21
Caroline	33,304	0.0%	0.0%	0	0	23
Carroll	168,429	10.0%	10.0%	350,000	2	13
Cecil	102,826	6.0%	6.0%	135,000	1	16
Charles	161,503	10.0%	10.0%	910,000	6	8
Dorchester	31,998	0.5%	0.5%	500	0	22
Frederick	255,648	0.0%	0.0%	0	0	23
Garrett	29,163	6.0%	6.0%	900,000	31	1
Harford	253,956	5.0%	5.0%	548,000	2	12
Howard	323,196	7.5%	7.5%	2,750,000	9	6
Kent	19,383	4.5%	4.5%	16,000	1	18
Montgomery	1,052,567	7.0%	7.0%	3,904,613	4	9
Prince George's	909,308	10.0%	10.0%	17,468,100	19	2
Queen Anne's	50,251	5.0%	5.0%	171,700	3	10
St. Mary's	112,664	2.0%	2.0%	140,000	1	17
Somerset	25,675	4.0%	4.0%	15,000	1	19
Talbot	36,968	5.0%	5.0%	15,000	0	20
Washington	150,926	5.0%	5.0%	255,000	2	14
Wicomico	103,195	6.0%	6.0%	159,385	2	15
Worcester	51,823	3.0%	3.0%	575,000	11	5
Total	6,042,718			\$50,725,798	\$8	

Source: Department of Legislative Services; County Budgets

Local Fiscal Effect: Local admissions and amusement tax revenues decrease by an indeterminate amount beginning in fiscal 2021. The amount of the revenue decrease cannot be reliably estimated and depends on the number of businesses that qualify for the exemption in each jurisdiction and the actual gross receipts of each exempt business. As shown in Exhibit 1, county governments expect to collect approximately \$50.7 million in local admissions and amusement taxes in fiscal 2020. As a point of reference, if the exemption for small businesses specified by the bill accounts for 1% of the

total gross receipts subject to the admissions and amusement tax, county revenues could decrease by approximately \$500,000 annually beginning in fiscal 2021.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Anne Arundel, Baltimore, Charles, Frederick, Montgomery, and Somerset counties; Maryland Association of Counties; cities of Frederick and Havre de Grace; Maryland Municipal League; towns of Indian Head and Rising Sun; Comptroller's Office; Department of Legislative Services

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