

Department of Legislative Services  
Maryland General Assembly  
2023 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 533 (Senators Corderman and McKay)  
Budget and Taxation

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Washington County - Admissions and Amusement Tax - Repeal

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This bill repeals the authority of Washington County and municipalities in the county to impose an admissions and amusement tax. **The bill takes effect July 1, 2023.**

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Washington County revenues decrease by approximately \$175,000 annually beginning in FY 2024 and municipal revenues decrease by approximately \$400,000 annually. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** Minimal.

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Analysis

**Current Law:** The local admissions and amusement tax rate in Washington County is set at 5.0% for fiscal 2023.

*Local Taxing Authority – Admissions and Amusement Tax*

County and municipal governments are authorized to tax the gross receipts derived from:

- the charge for admission to any place furnishing a performance such as a movie theater or sports stadium;
- the use or rental of sporting or recreational facilities;

- 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;
- use of a game of entertainment; and
- use or rental of recreational or sports equipment.

County and municipal 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 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.

### *County Tax Collections – Admissions and Amusement Tax*

County governments and Baltimore City are projecting to collect \$41.9 million in admissions and amusement tax revenue in fiscal 2023. Tax collections range from \$500 in Dorchester County to \$11.5 million in Prince George’s County. On average, county governments collected \$7 per capita in admissions and amusement tax revenue. Garrett County leads the State with per capita admissions and amusement tax revenue totaling \$34.

No county altered its admissions and amusement tax rate for fiscal 2023. Caroline and Frederick counties are the only jurisdictions that do not impose an admissions and amusement tax. Currently, admissions and amusement tax rates range from 0.5% in Dorchester County to 10.0% in six jurisdictions – Baltimore City and Anne Arundel, Baltimore, Carroll, Charles, and Prince George’s counties.

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.

**Local Fiscal Effect:** Repealing the authority of Washington County and municipalities in the county from imposing admissions and amusement taxes will result in a significant decrease in county and municipal revenues.

The Washington County fiscal 2023 budget assumes \$175,000 in admissions and amusement tax revenues. As a result, county admissions and amusement tax revenues will decrease by approximately \$175,000 annually beginning in fiscal 2024.

Based on a review of municipal uniform financial reports for fiscal 2019 (pre-COVID) and fiscal 2021 (**Exhibit 1**), municipal revenues may decrease by approximately \$400,000 annually beginning in fiscal 2024.

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**Exhibit 1**  
**Municipal Admissions and Amusement Tax Revenues**  
**Washington County**

<b><u>Municipality</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2021</u></b>
Boonsboro	\$12,363	\$3,963
Clear Spring	1,370	321
Funkstown	5,647	4,071
Hagerstown	360,785	172,623
Hancock	363	212
Keedysville	0	0
Sharpsburg	0	0
Smithsburg	410	42
Williamsport	2,362	9,397
<b>Total</b>	<b>\$383,300</b>	<b>\$190,629</b>

Source: Washington County; City of Hagerstown, Department of Legislative Services

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The City of Hagerstown reports that admissions and amusement tax revenues will decrease by approximately \$300,000 in fiscal 2024 and by over \$400,000 by fiscal 2028. The increased revenue loss is due to the opening of a new indoor complex, called the Hagerstown Field House, where under the bill admissions fees will no longer be subject to the city's admissions and amusement tax. The City of Hagerstown uniform financial report for fiscal 2022 indicated \$300,314 in admissions and amusement tax revenues.

The Town of Boonsboro fiscal 2023 budget assumes \$7,500 in admissions and amusement tax revenues. The Town of Smithsburg fiscal 2023 budget does not include any revenues from the admissions and amusement tax.

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**Additional Information**

**Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Washington County; City of Hagerstown; towns of Boonsboro and Smithsburg; Comptroller's Office; Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2023  
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