

Department of Legislative Services  
Maryland General Assembly  
2005 Session

FISCAL AND POLICY NOTE

House Bill 1525  
Ways and Means

(Delegate Cane, *et al.*)

Budget and Taxation

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Wicomico County - Hotel Rental Tax and User Fee - Dedication of Revenue to  
Youth and Civic Center

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This bill increases from 5% to 6% the maximum hotel tax rate in Wicomico County, removes the requirement that 20% of the revenues be used for the Tourism Center, provides that 16.7% of the revenues be used for the Wicomico County Youth and Civic Center improvements and renovations, and reduces the from 20% to 16.7% the percentage of the tax to be used for the Salisbury Zoological Park.

The bill authorizes Wicomico County to impose up to a 5% user fee on the charges for all ticketed events held at the Wicomico County Youth and Civic Center. The fee revenue must be dedicated to the physical improvement of and renovations to the center.

The bill takes effect July 1, 2005.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Wicomico County revenues could increase by \$235,000 beginning in FY 2006 from increased hotel tax and user fees for events at the Wicomico County Youth and Civic Center. Expenditures would not be affected.

**Small Business Effect:** Minimal.

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## Analysis

**Current Law:** Wicomico County may impose a 5% hotel tax, of which 20% must be provided to the Salisbury Zoological Park and 20% provided to the Tourism Center for Wicomico County for operations and maintenance. The remaining revenue must be deposited in the county's general fund to underwrite the Wicomico County Convention and Visitors Bureau.

Wicomico County currently imposes a 4.5% admissions and amusement tax. State law authorized the counties and municipalities to tax the gross receipts derived from a variety of activities including the charge for admission to any place furnishing a performance, such as a concert. The maximum tax rate authorized (Tax General 4-105) is 10% of gross receipts. If State sales tax also applies, the county rate combined with the State sales tax rate cannot exceed 10%. Counties may establish different rates of tax for different classes of admissions and amusement charges.

**Background:** It appears that Wicomico County already has the authority to charge an admissions and amusement tax on ticketed events held at the Wicomico County Youth and Civic Center. The Wicomico County Youth and Civic Center is a division of the Wicomico County Department of Recreation, Parks and Tourism.

Increasing the hotel tax by 1% and reducing the distributions to the Salisbury Zoological Park to 16.7% maintains the same level of support as the current 5% hotel tax with a 20% distribution.

**Local Revenues:** Wicomico County revenues could increase by an estimated \$235,000 annually beginning in fiscal 2006. Wicomico County estimates that hotel tax revenue could increase by \$145,000 annually and that revenue from a 5% user fee on ticketed events at the Youth and Civic Center could total approximately \$90,000. The user fee revenue is based on a five-year average in ticketed sales of \$1.8 million.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 22, 2005  
ncs/hlb

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