

Department of Legislative Services  
Maryland General Assembly  
2021 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1079  
Ways and Means

(Delegate Attar)

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Admissions and Amusement Tax - Exemption - Activities That Promote Health  
and Physical Well-Being

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This bill prohibits a county or municipality from imposing an admissions and amusement tax on the gross receipts derived from any charge for (1) participating in an activity that promotes health and physical well-being or (2) admission to an establishment that offers activities that promote health and physical well-being, including tennis centers, fitness centers, and gymnasiums. The bill also repeals the local authority to impose the admissions and amusement tax for the use of a recreational or sports facility and the use or rental of recreational or sports equipment. **The bill takes effect July 1, 2021.**

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Local revenues decrease by a significant amount beginning in FY 2022. Local expenditures are not affected.

**Small Business Effect:** Potential meaningful. Small businesses eligible for the exemption would no longer have to pay admissions and amusement taxes.

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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 (MSA) 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%. MSA 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.

#### *Local Admissions and Amusement Tax Rates and Revenue Amounts*

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 2020 and 2021, as well as the estimated revenues for fiscal 2021 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 fiscal 2021 report is available on the Department of Legislative Services [website](#).

**Exhibit 1**  
**Admissions and Amusement Tax Revenues**

| County          | County Tax Rates |         | Revenues<br>FY 2021 | Per Capita<br>Revenues | Per Capita<br>Ranking |
|-----------------|------------------|---------|---------------------|------------------------|-----------------------|
|                 | FY 2020          | FY 2021 |                     |                        |                       |
| Allegany        | 7.5%             | 7.5%    | \$220,000           | \$3                    | 11                    |
| Anne Arundel    | 10.0%            | 10.0%   | 5,800,000           | 10                     | 5                     |
| Baltimore City  | 10.0%            | 10.0%   | 5,955,000           | 10                     | 4                     |
| Baltimore       | 10.0%            | 10.0%   | 4,431,883           | 5                      | 7                     |
| Calvert         | 1.0%             | 1.0%    | 25,000              | 0                      | 21                    |
| Caroline        | 0.0%             | 0.0%    | 0                   | 0                      | 23                    |
| Carroll         | 10.0%            | 10.0%   | 350,000             | 2                      | 12                    |
| Cecil           | 6.0%             | 6.0%    | 135,000             | 1                      | 15                    |
| Charles         | 10.0%            | 10.0%   | 800,000             | 5                      | 8                     |
| Dorchester      | 0.5%             | 0.5%    | 500                 | 0                      | 22                    |
| Frederick       | 0.0%             | 0.0%    | 0                   | 0                      | 23                    |
| Garrett         | 6.0%             | 6.0%    | 750,000             | 26                     | 1                     |
| Harford         | 5.0%             | 5.0%    | 200,000             | 1                      | 18                    |
| Howard          | 7.5%             | 7.5%    | 2,521,292           | 8                      | 6                     |
| Kent            | 4.5%             | 4.5%    | 18,749              | 1                      | 17                    |
| Montgomery      | 7.0%             | 7.0%    | 3,408,587           | 3                      | 9                     |
| Prince George's | 10.0%            | 10.0%   | 9,923,200           | 11                     | 3                     |
| Queen Anne's    | 5.0%             | 5.0%    | 160,000             | 3                      | 10                    |
| St. Mary's      | 2.0%             | 2.0%    | 130,000             | 1                      | 16                    |
| Somerset        | 4.0%             | 4.0%    | 15,000              | 1                      | 19                    |
| Talbot          | 5.0%             | 5.0%    | 20,000              | 1                      | 20                    |
| Washington      | 5.0%             | 5.0%    | 210,000             | 1                      | 14                    |
| Wicomico        | 6.0%             | 6.0%    | 147,000             | 1                      | 13                    |
| Worcester       | 3.0%             | 3.0%    | 620,000             | 12                     | 2                     |
| <b>Total</b>    |                  |         | <b>\$35,841,211</b> | <b>\$6</b>             |                       |

Source: Fiscal 2021 County Budget Documents; Department of Legislative Services

**Local Fiscal Effect:** Local admissions and amusement tax revenues decrease by a significant amount beginning in fiscal 2022. 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

noted, county governments expect to collect approximately \$35.8 million in local admissions and amusement taxes in fiscal 2021.

Garrett County indicates that if the exemption applies to skiing, golfing, boating, bike rentals, and other sports-related activities, the county would lose almost all of its admissions and amusement tax revenues, which are estimated at \$750,000 in fiscal 2021. Montgomery County projects an \$80,000 revenue loss, just from an exemption for athletic facilities.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Baltimore, Dorchester, Garrett, Howard, and Montgomery counties; Maryland Association of Counties; Comptroller's Office; Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2021  
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