



City of Havre de Grace

711 PENNINGTON AVENUE, HAVRE DE GRACE, MARYLAND 21078

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To: Ways and Means Committee
Cc: Harford County Delegation
From: The City of Havre de Grace
Date: February 27, 2020
Re: House Bill 1280
Position: Oppose

The City of Havre de Grace opposes House Bill 1280. If passed, the legislation would prohibit a county or municipal government from collecting admissions and amusement tax from a business that has total gross receipts of less \$75,000 in a calendar year.

The City of Havre de Grace currently collects \$88,300 annually from the admissions and amusement tax. The City uses this revenue to provide Citizens of the City with essential public services, including but not limited to public safety and the maintenance of infrastructure. The City of Havre de Grace estimates if HB 1280 passed, the City government will lose immediately \$11,000 in annual revenue and potentially as much as the entire \$88,300.

As a municipality with a population of approximately 15,000 Citizens, a loss of revenue of this amount would have severe consequences on the services the City provides the public. The City anticipates admissions and amusement tax when it plans for new businesses and issues permits for their establishment.

It's the position of the City of Havre de Grace that it's detrimental to public policy when state lawmakers take away the ability for municipal governments to collect revenues previously allowed and counted upon. The ability to plan revenues and establish property tax rates is dependent on stability in the state's taxation laws. When state tax codes are changed, they infringe upon the ability of municipalities to govern and budget appropriately.

Additionally, The City of Havre de Grace and its neighboring municipalities have concerns about the statutory threshold on gross receipts HB 1280 would establish. Once established, it's inevitable that each legislative session, lawmakers will continue their assault on the admissions and amusement tax and attempt to raise the exemption threshold, effectively eliminating an integral revenue stream that our Citizens depend on for services.

Finally, the City has a concern with the enforcement of the proposed legislation. The admissions and amusement tax is collected by businesses as a pass-through line item when event tickets are purchased. Businesses who are at or near the \$75,000 exemption threshold must decide whether they are going to collect the tax at the start of the year based on projected sales. Admissions and amusement taxes are deposited quarterly with the Comptroller. A miscalculation results in either

a business collecting the tax at the start of the year, depositing it with the Comptroller, and then finding that they were ultimately exempt, or even worse, not collecting the tax and having to pay the tax out of their event proceeds. The proposed legislation places an unintended undue operating burden on small businesses and increases the risk to the small businesses that can least afford it.

The City of Havre de Grace urges the Committee to give HB 1280 an unfavorable report. Allow the admissions and amusement tax to continue to be a local decision and allow local governments to plan their finances with a reliance on the current law.

Sincerely,

A handwritten signature in blue ink, appearing to read "William T. Martin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mayor, William T. Martin