



February 23, 2021

Madame Chair Kaiser and Members of the House Ways and Means Committee
House Office Building, Room 131
6 Bladen Street
Annapolis, Maryland 21401

Re: HB 1079 (Delegate Attar) Admissions and Amusement Tax – Exemption – Activities That Promote Health and Physical Well-Being - OPPOSE

Dear Madame Chair Kaiser and Members of the House Ways and Means Committee:

On behalf of the City of Gaithersburg, I am writing to convey our opposition to HB 1079, which would prohibit a county or a municipal corporation from imposing the admissions and amusement tax on gross receipts derived from any charge for participating in an activity that promotes health or physical well-being or admissions to an establishment that offers activities that promote health or physical well-being.

With more than 70,000 residents, Gaithersburg is located in the geographic center of Montgomery County and lies 13 miles from the northwestern border of Washington, D.C. Gaithersburg residents enjoy the best of both worlds - the familiarity and comfort of a small town community within the exciting metropolitan area of the nation's capital. The City offers an exceptional quality of life for people of all ages, largely due to our longstanding commitment to ensure residents and visitors have access to safe, functional and engaging recreational facilities and amenities that promote active lifestyles.

In past years, the City's revenues from the Admissions and Amusement (A&A) Tax has been primarily from movie theaters and amusement operators. However, the City has quite a large number of businesses that provide tax revenue based on activities that promote health and well-being. Under HB 1079, the City would have lost almost \$82k in Fiscal Year (FY) 2020 alone, from revenues generated by admissions to recreational or sports facilities and the use or rental of recreational/sports equipment. This equaled to more than 5% of all revenue generated from the A&A tax. Looking back to FY19 the City generated \$144k, or over 10%, and \$193k in FY16 at its all-time high.

As are many municipalities across Maryland, the City's normal operations during the coronavirus pandemic have been difficult and costly to operate, as critical revenues that keep the City's normal operations functioning have decreased. We are acutely aware that the economic challenges and uncertainty surrounding the COVID-19 pandemic requires the State to make extremely difficult decisions. Respectfully, as well intentioned as HB 1079 may be, it directly impacts local governments that are already having to stretch whatever aid is available even further. Moreover, the prohibition is permanent and for the foreseeable future, the on-going

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CITY MANAGER
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pandemic will continue to impact our revenues, human resources, and other assets – literally requiring the City to do more with less.

While this year has differed from previous ones in many ways, the need to articulate and stand by our policy principles remains as important as ever. It is essential to preserve and protect the City's existing revenue streams in order to meet our obligations to residents and the community now and past the recovery stage of the pandemic. The future of our communities depends on it.

For these reasons, the City of Gaithersburg urges an unfavorable report for HB 1079.

Please do not hesitate to contact me with any questions or additional information. You may also contact the Legislative Affairs Manager for the City of Gaithersburg, Jess Kwasny. She can be reached at jess.kwasny@gaitthersburgmd.gov or 202.809.6986.

Sincerely,

Jud Ashman
Mayor

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