



Maryland Municipal League

The Association of Maryland's Cities and Towns

TESTIMONY

February 27, 2024

Committee: House Ways & Means

Bill: HB 1306 – Admissions and Amusement Tax - Food and Beverages

Position: Support

Reason for Position:

The Maryland Municipal League strongly supports House Bill 1306, which would modernize the Admissions and Amusements (A&A) tax structure to allow local governments to impose a fee up to 2% on food and beverages consumed on-site.

Municipal governments are responsible for providing everyday essential services to two million Marylanders but are limited in their ability to raise revenues needed to fund those services. State funds and property taxes have historically made up the biggest portions of municipal budgets, but State funds have decreased over the past 15 years. As the only meaningful revenue source under municipal authority, property taxes have had to increase so municipalities can continue to provide essential services.

However, continuing to increase property taxes would increase the cost of housing when Maryland faces a housing crisis. Further, because property tax assessment amounts depend on home values which may not reflect a homeowner's income level, increases can disproportionately impact lower-income households, where homeownership accounts for most of their wealth. We won't solve our housing challenges by raising property taxes. Local governments need new long-term solutions to expand sources of municipal revenue.

Narrowly expanding A&A helps to meet that need. Including food and beverages imposes a small tax on luxury and/or recreational items and experiences; this is not a tax on essential goods or services. Further, municipalities are cultural and entertainment hubs, which means visitors – and visitors increase the wear on infrastructure and use of other public services. This narrow expansion could help capture that out-of-town/out-of-state visitor money to offset those increased costs.

HB 1306 proposes a balanced and effective tool that ensures local governments can continue to provide quality public services without burdening our residents. For these reasons the League respectfully requests that this committee provide House Bill 1306, an MML and MACo priority, with a favorable report.

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