



House Bill 1306

Admissions and Amusement Tax - Food and Beverages

MACo Position: **SUPPORT**

To: Ways and Means Committee

Date: February 27, 2024

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 1306. This bill authorizes local governments to impose a nominal levy on specified gross receipts derived from the sale of food or beverages.

HB 1306 addresses a priority initiative of Maryland's 24 county jurisdictions. By providing flexibility with local revenues, this bill equips counties with tools to meet the evolving needs of their communities, stimulate economic growth, and enhance the quality of life for residents.

Maryland's local governments, even the charter counties with the broadest authority, are hamstrung by outdated tax systems that fail to reflect the modern economy. Further, Maryland's admissions and amusement tax law is outdated and fails to recognize the changing forms of entertainment and recreation, ensuring that the tax framework remains relevant, fair, and capable of capturing revenue from emerging sectors.

Under the bill, local governments may impose an admission and amusements tax up to two percent on the gross receipts derived from the sale of food or beverages at a place with facilities for the consumption of food or beverages on the premises. In addition, the charge can apply to food or beverages for consumption off the premises if sold by a vendor that operates a substantial grocery or market business at the same location where the food or beverages are sold.

Like the State, counties face significant budget pressures, driven primarily by the ballooning costs to implement the Blueprint for Maryland's Future successfully. The local levels of funding for education in each respective jurisdiction have reached record levels in recent years. However, this record county funding, combined with more significant funding requirements mandated by the law, will limit counties' ability to fund competing governmental needs at basic operational levels.

In addition, the State faces a multi-billion-dollar budget shortfall in its consolidated Transportation Trust Fund. While the Governor has announced a one-time infusion from the State general fund to maintain services for the coming year, a plan to scale back spending in future years – including a step

backward on the share of state-levied taxes dedicated to local transportation needs – remains before the legislature.

By granting limited flexibility with local revenues, this bill provides another tool for counties to remain steadfast in their commitment to the Blueprint and advance equitable transportation solutions – while also maintaining robust funding for public health, public safety, and other essential services upon which Marylanders rely.

HB 1306 ensures county governments have the necessary tools and proper flexibility to enact policies that serve and react to local community input and priorities. Accordingly, MACo urges a **FAVORABLE** report for HB 1306.