
By: Senators Cade, Derr, Hafer, Craig, Hogan, and Ruben

Introduced and read first time: February 2, 1996

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax - Permanent Seat Licenses**

3 FOR the purpose of including a permanent seat license for a seat at certain professional
4 sports stadiums within the definition of tangible personal property for purposes of
5 the sales and use tax; requiring the Comptroller to distribute certain sales and use
6 tax revenue to a certain account to be used only for certain purposes; stating the
7 General Assembly's intent that the amount that would otherwise be appropriated
8 from certain revenues for certain purposes be reduced by a certain amount; setting
9 the rate of the sales and use tax for the first retail sale of a permanent seat license
10 for a seat at a professional sports stadium; providing that a charge for a permanent
11 seat license for a seat at a professional sports stadium is not an admissions and
12 amusement charge subject to the admissions and amusement tax; providing for the
13 effective date of this Act; and generally relating to the sales and use taxation of
14 permanent seat licenses for seats at certain professional sports stadiums.

15 BY repealing and reenacting, with amendments,
16 Article - Tax - General
17 Section 2-1303, 4-101(b), and 11-101(i)(1)
18 Annotated Code of Maryland
19 (1988 Volume and 1995 Supplement)

20 BY adding to
21 Article - Tax - General
22 Section 11-104(e)
23 Annotated Code of Maryland
24 (1988 Volume and 1995 Supplement)

25 Preamble

26 WHEREAS, The Maryland Stadium Authority has entered into a Memorandum of
27 Agreement with the Cleveland Browns National Football League team to relocate to
28 Baltimore; and

29 WHEREAS, As part of the Agreement, the State will pay entirely for a \$200 million
30 state-of-the-art 70,000 seat football stadium with 108 private luxury suites and 7,500 club
31 seats to be built at Camden Yards; and

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1 WHEREAS, The Agreement allows the Browns to raise up to \$80 million from the
2 sale of permanent seat licenses (PSLs) which grant the owners the right to annually
3 purchase season tickets to the Browns' football games; and

4 WHEREAS, The Browns intend to sell PSLs for about 80%, or 56,000 of the seats
5 in the Camden Yards stadium leaving only 14,000 seats available for sale to non-PSL
6 holders; and

7 WHEREAS, The average price of PSLs will be approximately \$1,425 per seat, but
8 the actual price will be higher or lower depending on the location of the seat in the
9 stadium; and

10 WHEREAS, The first \$75 million in net proceeds from the sale of PSLs will be
11 retained by the Browns to be used to pay amounts owed to Cleveland for moving the
12 team, debt on the team's Ohio training facility, moving costs, Browns' employee severance
13 or relocation costs, amounts owed to the National Football League as a result of
14 relocation, and the costs of a new training facility in the Baltimore area; and

15 WHEREAS, It is the intent of the General Assembly to minimize the costs of
16 building the stadium to the general taxpaying population in Maryland by using State tax
17 revenues resulting from the sale of permanent seat licenses to reduce other State funds
18 being used to finance the stadium construction costs; and

19 WHEREAS, It is the intent of the General Assembly that the sales and use tax be
20 applicable to permanent seat licenses which are sold at any other professional sports
21 stadium in which State funds have been or will be used for the design, construction, or
22 renovation of the stadium, its facilities, or the property on which it is located; now,
23 therefore,

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
25 MARYLAND, That the Laws of Maryland read as follows:

26 **Article - Tax - General**

27 2-1303.

28 (A) After making the distributions required under §§ 2-1301 and 2-1302 of this
29 subtitle, the Comptroller shall:

30 (1) DISTRIBUTE THE SALES AND USE TAX REVENUE DERIVED FROM
31 THE FIRST RETAIL SALE OF PERMANENT SEAT LICENSES FOR SEATS AT A
32 PROFESSIONAL SPORTS STADIUM TO THE DEDICATED PURPOSE ACCOUNT OF THE
33 STATE RESERVE FUND, TO BE USED ONLY TO HELP PAY THE STATE'S
34 CONSTRUCTION COSTS FOR THE PROFESSIONAL SPORTS STADIUM FOR WHICH THE
35 PERMANENT SEAT LICENSES ARE SOLD; AND

36 (2) pay the remaining sales and use tax revenue into the General Fund of
37 the State.

38 (B) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE AMOUNT THAT
39 OTHERWISE WOULD BE APPROPRIATED FROM OTHER STATE REVENUES FOR THE
40 CONSTRUCTION OF A PROFESSIONAL SPORTS STADIUM SHALL BE REDUCED BY THE

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1 AMOUNT DISTRIBUTED TO THE DEDICATED PURPOSE ACCOUNT UNDER THIS
2 SECTION.

3 4-101.

4 (b) (1) "Admissions and amusement charge", unless expressly provided
5 otherwise, means a charge for:

6 [(1)] (I) admission to a place, including any additional separate charge for
7 admission within an enclosure;

8 [(2)] (II) use of a game of entertainment;

9 [(3)] (III) use of a recreational or sports facility;

10 [(4)] (IV) use or rental of recreational or sports equipment; and

11 [(5)] (V) merchandise, refreshments, or a service sold or served in
12 connection with entertainment at a nightclub or room in a hotel, restaurant, hall, or other
13 place where dancing privileges, music, or other entertainment is provided.

14 (2) "ADMISSIONS AND AMUSEMENT CHARGE" DOES NOT INCLUDE A
15 CHARGE FOR A PERMANENT SEAT LICENSE FOR A SEAT AT A PROFESSIONAL SPORTS
16 STADIUM FOR WHICH STATE MONEYS HAVE BEEN USED FOR ALL OR ANY PART OF
17 THE DESIGN, CONSTRUCTION, RENOVATION, OR OTHER IMPROVEMENT OF THE
18 STADIUM, ITS FACILITIES, OR THE SITE ON WHICH IT IS LOCATED.

19 11-101.

20 (i) (1) "Tangible personal property" means:

21 (i) corporeal personal property of any nature; [or]

22 (ii) a right to occupy a room or lodgings as a transient guest; OR

23 (III) A PERMANENT SEAT LICENSE FOR A SEAT AT A PROFESSIONAL
24 SPORTS STADIUM FOR WHICH STATE MONEYS HAVE BEEN USED FOR ALL OR ANY
25 PART OF THE DESIGN, CONSTRUCTION, RENOVATION, OR OTHER IMPROVEMENT OF
26 THE STADIUM, ITS FACILITIES, OR THE SITE ON WHICH IT IS LOCATED.

27 11-104.

28 (E) (1) THE SALES AND USE TAX RATE FOR THE FIRST RETAIL SALE OF A
29 PERMANENT SEAT LICENSE FOR A SEAT AT A PROFESSIONAL SPORTS STADIUM IS:

30 (I) 10 CENTS ON EACH EXACT DOLLAR; AND

31 (II) 2 CENTS FOR EACH 20 CENTS OR PART OF 20 CENTS IN EXCESS
32 OF AN EXACT DOLLAR.

33 (2) EXCEPT FOR THE FIRST RETAIL SALE, THE SALES AND USE TAX
34 RATE FOR THE SALE OF A PERMANENT SEAT LICENSE FOR A SEAT AT A
35 PROFESSIONAL SPORTS STADIUM IS THE RATE IMPOSED UNDER SUBSECTION (A) OF
36 THIS SECTION.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 June 1, 1996.