

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE

House Bill 883 (Delegates Poole and Frank)

Ways and Means

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**Admissions and Amusement Tax - Licensed Health Clubs**

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This bill provides that the admissions and amusement tax does not apply to: (1) a charge for admission to or use or rental of a licensed health club; or (2) use or rental of equipment at a licensed health club.

This bill is effective July 1, 1998.

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**Fiscal Summary**

**State Effect:** Potential minimal decrease in State revenues beginning in FY 1999. Expenditures would not be affected.

**Local Effect:** Minimal decrease in local revenues beginning in FY 1999. Expenditures would not be affected.

**Small Business Effect:** Minimal impact on small businesses.

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**Fiscal Analysis**

**Background:** An admissions and amusement charge is a local tax that may be imposed on the gross receipts from admission charges, the use of recreational or sports facilities or equipment, certain sales at nightclubs or other places of entertainment, and the use of a game of entertainment. The Comptroller of the Treasury collects the taxes, deducts for administrative costs, and remits the revenues to the local governments.

**State Revenues:** General fund revenues could decline a minimal amount for those athletic equipment rentals subject to the sales tax with a separately stated admissions and amusement tax, because the sales tax applies to the separately stated tax. While any specific decrease in revenues cannot be reliably estimated at this time, it is assumed to be minimal.

**Local Revenues:** This bill would create a minimal decrease in revenues for counties and municipalities that assess an admissions and amusement charge. Baltimore City revenues would decrease by approximately \$45,000 annually, Worcester County revenues would decrease by \$5,000, and Washington County revenues would decrease by \$6,000 under this bill. Any specific decrease for a local jurisdiction would depend upon the number of licensed health clubs and the rate charged in the jurisdiction. All counties except Somerset and Caroline receive admissions and amusement tax revenue from athletic facilities; not all athletic facilities are licensed health clubs.

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**Information Sources:** Comptroller of the Treasury (Bureau of Revenue Estimates), Washington County, Worcester County, Montgomery County, Kent County, Prince George's County, Baltimore City

**Fiscal Note History:** First Reader - March 9, 1998

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