

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 1272
Ways and Means

(Delegate C. Davis)

Admissions and Amusement Tax - Licensed Health Clubs

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

The bill is effective July 1, 2001.

Fiscal Summary

State Effect: General fund expenditures would increase by \$2,000 in FY 2002 to notify licensed health clubs of the exemption. Revenues would not be affected.

Local Effect: Local revenues could decrease by \$40,000 each year beginning in FY 2002. Expenditures would not be affected.

Small Business Effect: Minimal.

Analysis

Current Law: Admission to, use, or rental of a licensed health club and use or rental of equipment at a licensed health club is not exempt from admissions and amusement taxes.

Background: Health clubs are licensed by local jurisdictions. An admissions and amusement tax is a local tax that may be imposed on the gross receipts from admissions 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 (approximately 2%), and remits the revenues to the local governments. Not all athletic facilities are licensed health clubs.

State Fiscal Effect: General fund expenditures would increase by approximately \$2,000 in printing and postage costs to notify licensed health clubs of the exemption.

Local Revenues: The Comptroller of Maryland advises that it collected over \$789,000 in admissions and amusement taxes in fiscal 2000 relating to licensed health clubs, soccer arenas, skating rinks, batting ranges, shooting ranges, and other athletic facilities. The Comptroller assumes only 5% of these receipts are from licensed health clubs. Accordingly, this exemption would result in a statewide reduction in revenues of approximately \$40,000. Any specific decrease for the local jurisdiction would depend upon the number of licensed health clubs and the admissions and amusement tax rate charged in the jurisdiction. The Office of the Comptroller advises that nearly 80% of the admissions and amusement tax revenue related to licensed health clubs is collected from Baltimore City and Anne Arundel, Baltimore, Montgomery, and Prince George's counties. Caroline County is the only county that doesn't charge an admissions and amusement tax, but its municipalities may impose such a tax.

Additional Information

Prior Introductions: A similar bill, HB 883, was introduced in the 1998 session. It was reported unfavorably from the Ways and Means Committee.

Cross File: None.

Information Source(s): Office of the Comptroller (Bureau of Revenue Estimates); Carroll, Harford, Montgomery, and Prince George's counties; Department of Legislative Services

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ncs/hlb

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