

Department of Legislative Services  
Maryland General Assembly  
2002 Session

FISCAL NOTE

House Bill 842  
Ways and Means

(Delegate Patterson, *et al.*)

Budget and Taxation

---

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, 2002.

---

Fiscal Summary

**State Effect:** General fund expenditures would increase by \$2,000 in FY 2003 to notify licensed health clubs of the exemption. Revenues would not be affected.

**Local Effect:** Local revenues could decrease by \$52,350 each year beginning in FY 2003. 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 \$1,047,000 in admissions and amusement taxes in fiscal 2001 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 \$52,350. 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:** An identical bill was introduced in the 2001 session as HB 1272. The House Ways and Means Committee did not take action on the bill. A similar bill was introduced in the 1998 session as HB 883. It was reported unfavorably from the Ways and Means Committee.

**Cross File:** None.

**Information Source(s):** Washington County, Montgomery County, Prince George's County, Kent County, Worcester County, Office of the Attorney General, Department of Legislative Services

**Fiscal Note History:** First Reader - February 28, 2002  
lsc/hlb

---

Analysis by: Christopher J. Kelter

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510