

Department of Legislative Services  
Maryland General Assembly  
2004 Session

FISCAL AND POLICY NOTE

House Bill 1454 (Delegate Patterson)  
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 of a licensed health club; or (2) use or rental of equipment at a licensed health club.

The bill takes effect July 1, 2004.

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Fiscal Summary

**State Effect:** General fund expenditures would increase by \$770 in FY 2005 for the Comptroller's Office to notify licensed health clubs of the exemption. Revenues would not be affected.

**Local Effect:** Local revenues could decrease by \$58,450 each year beginning in FY 2005. Expenditures would not be affected.

**Small Business Effect:** Minimal.

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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.

Health clubs are required to register with the Attorney General's Consumer Protection Division. 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's Office 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 \$770 in printing and postage costs in fiscal 2005 for the Comptroller's Office to notify licensed health clubs of the exemption.

**Local Revenues:** The Comptroller's Office advises that it collected over \$1,169,000 in admissions and amusement taxes in fiscal 2003 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 revenue reduction of \$58,450. Any decrease for a particular 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 Attorney General's Consumer Protection Division advises that nearly 63% of the licensed health clubs are located in Baltimore City and Anne Arundel, Baltimore, Montgomery, and Prince George's counties. Caroline County is the only county that does not charge an admissions and amusement tax, but its municipalities may impose such a tax.

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### Additional Information

**Prior Introductions:** HB 766 of 2003 and HB 1272 of 2001 were not reported from the House Ways and Means Committee. HB 842 of 2002 passed the House but was withdrawn before a vote was taken by the Senate Budget and Taxation Committee.

**Cross File:** None.

**Information Source(s):** Office of the Attorney General, Comptroller's Office, Department of Legislative Services

**Fiscal Note History:** First Reader - March 17, 2004  
mh/mdr

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