

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 230

(Senator Brinkley, *et al.*)

Budget and Taxation

Ways and Means

Admissions and Amusement Tax - Exemption for Activities Related to
Agricultural Tourism

This bill prohibits a county from imposing an admissions and amusement tax on gross receipts derived from any admissions and amusement charge for activities related to agricultural tourism. "Agricultural tourism" is defined as any agricultural or horticultural activity conducted on a farm, vineyard, winery, or orchard for the purpose of entertainment or education.

The bill takes effect July 1, 2007

Fiscal Summary

State Effect: None.

Local Effect: Potential minimal decrease in admissions and amusement taxes collected in certain counties. The extent to which these transactions occur cannot be reliably estimated.

Small Business Effect: Minimal.

Analysis

Current Law: A county or municipality is authorized to impose an admissions and amusement tax, unless expressly provided otherwise, on the gross receipts of the following activities: (1) admission to a place, including any additional separate charge for admission within an enclosure; (2) use of a game of entertainment; (3) use of a recreational or sports facility; (4) use of recreational or sports equipment; and

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

A county may not impose an admissions and amusement tax on gross receipts within a municipality if the municipality imposes an admissions and amusement tax on the activity or specifically exempts any certain activity from an admissions and amusement tax. Furthermore, State law prohibits counties and municipalities from collecting admissions and amusement tax on the operation of an agricultural fair as long as the net earnings are not paid to the benefit of any stockholder or member of the association conducting the fair. Baltimore and Harford counties exempt activities relating to agricultural tourism from admissions and amusement taxes. The term “agricultural tourism” is not defined in State law.

Background: Agricultural tourism activities are exempted from the admissions and amusement tax in Baltimore County (Chapter 402 of 2006), Harford County (Chapter 531 of 2005), and Howard County (county resolution No. 70 of 2005).

Agricultural tourism as defined by Baltimore County, Howard County, and the Maryland Department of Agriculture refers to activities that involve the act of visiting a working farm or any agricultural, horticultural, or agribusiness operation for the purpose of enjoyment and education, or active involvement in the activities of the farm or operation. Howard County specifies these activities as including farm tours, hay rides, corn mazes, classes related to agricultural products or skills, and picnic and party facilities offered in conjunction with the above and similar uses.

The Comptroller’s Office indicates that because counties are authorized to impose an admissions and amusement tax and receive the revenue from the tax, it has generally be up to each individual county to define the scope of the term “agricultural tourism.” Also, current law allows a county to exempt specific activities from an admissions and amusement tax. For example, Carroll County has exempted the Maryland Wine Festival, with an average annual attendance of 25,000 people, from the admissions and amusement tax.

Local admissions and amusement tax rates range from the maximum allowed rate of 10% in Anne Arundel, Baltimore, Carroll, Charles, and Prince George’s counties and Baltimore City to a low of 0.5% in Dorchester County. Calvert County does not impose the admissions and amusement tax on any transaction which the sales tax is collected. Caroline County is the only jurisdiction that does not impose an admissions and amusement tax. If sales and use tax applies to the transaction, a county or municipality may not set a rate when combined with the sales and use tax that would be higher than

10%. Local admissions and amusement tax revenues are estimated at \$42.9 million in fiscal 2007.

Local Revenues: The Comptroller's Office advises that the only tax industry codes clearly or arguably related to agricultural or horticultural activities are horse racing, horse rentals, and riding academies; these activities resulted in just under \$500,000 of admissions and amusement revenue each of the last two years. Gross receipts on admissions to tasting events with entertainment and to wine festivals held at a winery or vineyard would be exempt from the admissions and amusement tax. The amount of admissions and amusement taxes currently collected from such activities is not available. In addition, agricultural tourism is already exempted from the admissions and amusement tax in Baltimore, Harford, and Howard counties, which represents over 23% of the State's population.

Additional Information

Prior Introductions: None.

Cross File: HB 825 was withdrawn. HB 621 is identical.

Information Source(s): Maryland Department of Agriculture, State Department of Assessments and Taxation, Comptroller's Office, Maryland Association of Counties, Baltimore County, Carroll County, Dorchester County, Frederick County, Garrett County, Harford County, Prince George's County, Department of Legislative Services

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Analysis by: Erik P. Timme

Direct Inquiries to:
(410) 946-5510
(301) 970-5510