

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 1088 (Cecil County Delegation)
Ways and Means

Cecil County - Admissions and Amusement Tax - Exemptions

This bill exempts activities related to agricultural tourism from the Cecil County admissions and amusement tax.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: None.

Local Effect: Minimal decrease in Cecil County admissions and amusement tax revenues. County expenditures would not be affected.

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, Harford, and Howard 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 would 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.

The Cecil County admissions and amusement tax rate is 6.0% for fiscal 2007.

Local Fiscal Effect: Exempting agricultural tourism would minimally decrease the admissions and amusement tax revenues collected in Cecil County. The actual decrease cannot be estimated at this time but is expected to be minimal. Cecil County indicates that depending on the types of activities that are considered agricultural tourism, county revenues could decrease by approximately \$5,500 annually beginning in fiscal 2008.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation, Cecil County,
Department of Legislative Services

Fiscal Note History: First Reader - March 16, 2007
mam/hlb

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