

Department of Legislative Services  
Maryland General Assembly  
2013 Session

FISCAL AND POLICY NOTE

House Bill 384  
Ways and Means

(Delegate Niemann)

Budget and Taxation

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Admissions and Amusement Tax - Returns and Penalties

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This bill increases the maximum penalties for (1) the willful failure to pay the admissions and amusement tax; (2) the willful failure to file an admissions and amusement tax return; (3) willfully making a false statement or misleading omission on an admissions and amusement tax return; and (4) the willful failure to keep specified admissions and amusement tax records. The penalties are increased from a fine of up to \$500 and/or imprisonment of up to six months to a fine of up to \$10,000 and/or imprisonment of up to one year.

The bill takes effect July 1, 2013.

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Fiscal Summary

**State Effect:** Potential minimal increase in general fund revenues and expenditures due to the bill's penalty provisions.

**Local Effect:** Potential minimal increase in revenues and expenditures due to the bill's penalty provisions.

**Small Business Effect:** Potential meaningful. To the extent small businesses violate the provisions of the bill, they will be subject to significantly increased penalties.

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Analysis

**Current Law:** Penalties for (1) willful failure to pay the admissions and amusement tax; (2) the willful failure to file an admissions and amusement tax return; (3) willfully making a false statement or misleading omission on an admissions and amusement tax

return; and (4) the willful failure to keep specified admissions and amusement tax records are a fine of up to \$500 and/or imprisonment of up to six months.

**Background:** Counties and municipalities are authorized to tax the gross receipts derived from (1) the charge for admission to any place furnishing a performance such as a movie theater or sports stadium; (2) the use or rental of sporting or recreational facilities; (3) the merchandise, refreshments, or services 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; (4) use of a game of entertainment; and (5) use or rental of recreational or sports equipment.

Counties and municipalities may also impose a tax on admission for a reduced charge or at no charge to a place that otherwise charges admission. An admissions and amusement tax may not be imposed in a municipality by a county if the municipality already imposes a similar tax or specifically exempts any gross receipts from the admissions and amusement tax.

The Maryland Stadium Authority is authorized to impose a tax on the gross receipts derived from any admissions and amusement charge for a facility owned or leased by the stadium authority. The stadium authority also may impose an additional tax for each person provided with a free admission or an admission at a reduced charge to a stadium authority facility. Currently, these taxes are imposed at both stadiums at Camden Yards (Orioles and Ravens).

Each unit of local government sets its own single tax rate or range of rates. This rate is expressed as a percentage of gross receipts, up to a maximum rate of 10%. The stadium authority may impose an admissions and amusement tax at its facilities of up to 8%.

**State Revenues:** General fund revenues increase minimally as a result of the bill's enhanced monetary penalties from cases heard in the District Court.

**State Expenditures:** General fund expenditures increase minimally as a result of the bill's incarceration penalties due to more people being committed to State correctional facilities for convictions in Baltimore City. The number of people affected by the bill's enhanced penalties is expected to be minimal.

Generally, persons serving a sentence of one year or less in a jurisdiction other than Baltimore City are sentenced to a local detention facility. The Baltimore City Detention Center, a State-operated facility, is used primarily for pretrial detentions.

**Local Revenues:** Revenues increase minimally as a result of the bill's monetary penalty provisions from cases heard in the circuit courts.

**Local Expenditures:** Expenditures increase as a result of the bill's incarceration penalties. Counties pay the full cost of incarceration for people in their facilities for the first 12 months of the sentence.

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### **Additional Information**

**Prior Introductions:** HB 339 of 2012 received a favorable report from the House Ways and Means Committee and passed the House with amendments. The Senate Budget and Taxation Committee took no action on the bill. Its cross file, SB 641, received a hearing in the Senate Budget and Taxation Committee, but no further action was taken.

**Cross File:** None.

**Information Source(s):** Carroll and Cecil counties, Comptroller's Office, Office of the Public Defender, Department of Public Safety and Correctional Services, Department of Legislative Services

**Fiscal Note History:** First Reader - February 11, 2013  
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