

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 20

(Senator Mathias)

Judicial Proceedings

Wicomico County - Vehicle Dealer's Licenses - Motor Home and Travel Trailer Shows

This bill allows out-of-state vehicle dealers and their salespersons to sell Class M motor homes and Class G trailers in one annual vehicle show in Wicomico County. However, the show must meet certain parameters, including the requirement that an admissions tax be paid on charges for admission to the show. The Motor Vehicle Administration (MVA) may require an out-of-state dealer or their salespersons to (1) register with MVA prior to the vehicle show; (2) submit proof of out-of-state license status; and (3) pay a registration fee. MVA must adopt regulations to implement the bill.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations, although Transportation Trust Fund and/or general fund revenues may increase minimally – if more vehicles are sold than otherwise would be. MVA can handle the required registration process for out-of-state licensees with existing budgeted resources; thus, it is unlikely that MVA opts to require such out-of-state dealers and their salespersons to pay a registration fee to cover the cost of processing the registrations.

Local Effect: Minimal increase in local admissions taxes for Wicomico County and/or a host municipality within the county. Depending on the frequency and scale of any vehicle shows that occur as a result of the bill, Wicomico County and/or a host municipality within the county also benefit from increased economic activity, as discussed below.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: Out-of-state new vehicle dealers and their employees may participate in a vehicle show in Wicomico County only if the show (1) does not exceed 10 consecutive days; (2) is limited to new Class M and Class G trailers; and (3) includes at least 1,500 vehicles.

Vehicle dealers and their employees who are authorized to participate in a vehicle show under the bill may conduct all of the activities that are involved in a vehicle sale, including:

- executing a buyer's order;
- accepting a deposit;
- completing a sales contract;
- issuing temporary registration plates and a temporary registration certificate; and
- delivering the vehicle to the buyer.

Current Law: A person may not conduct the business of a dealer unless the person is licensed by MVA. Any person who has been refused a dealer's license in Maryland or whose dealer's license is revoked or suspended may not conduct the business of a dealer under any license, permit, or registration certificate issued by any other jurisdiction.

New vehicle dealers and their salespersons are generally allowed to participate in two annual vehicle shows. However, new vehicle dealers and their salespersons may participate in more than two annual vehicle shows if the shows are limited to Class M motor homes or Class G trailers.

Dealers and their salespersons may participate in vehicle shows only if (1) the person holds a valid license; (2) an application with specified information is provided to MVA at least 60 days prior to the show; and (3) the show does not exceed 10 consecutive days and is restricted to new vehicles.

Background: According to the Recreation Vehicle Industry Association (RVIA), as of January 2017, 58 vehicle shows are scheduled in 2017. According to the Maryland Recreational Vehicle Dealer's Association, two recreational vehicle shows are held each year (one in February and the other in September) at the Timonium Fairgrounds in Timonium, Maryland.

According to RVIA, approximately 8.9 million households in the United States own a recreational vehicle (*e.g.*, motor home, travel trailer, truck camper). A 2011 survey commissioned by RVIA reported that the average recreational vehicle owner at that time was 48 years old, with a median income of \$62,000.

Admissions and Amusement Tax

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.

If a municipality does not levy a tax, the county tax, if any, applies within the municipality. All counties (with the exception of Caroline and Frederick counties), Baltimore City, and most municipalities impose an admissions and amusement tax. There are numerous statewide and county specific admissions and amusement tax exemptions set out under State law.

Each county or municipality 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 rate for Wicomico County is 6%.

The local admissions and amusement tax is further limited by the State sales and use tax. The maximum tax rate on the gross receipts subject to both the State sales and use tax and the local admissions and amusement tax may not exceed 11%. Therefore, if the 6% State sales and use tax applies to these receipts, the local admissions and amusement tax may not exceed 5%. This limitation on the local tax arises primarily on performances accompanied by some type of food service (*e.g.*, dinner theaters).

Local Fiscal Effect: Wicomico County advises that the bill helps attract additional events to the county. More specifically, the county advises that the Family Motor Coach Association (FMCA) has expressed interest in hosting a regional event in the county. Because the bill allows out-of-state dealers to sell motor homes and travel trailers, Wicomico County becomes a potential host location for FMCA events as well as similar events.

The county notes that motor coach events typically occur during winter and spring months, which could generate additional business activity during what is otherwise a relatively slow time of the year for local businesses. Under one scenario provided by the county, a motor vehicle show could generate approximately \$135,000 in additional annual revenue for the county. To the extent the county-owned Wicomico Youth and Civic Center is used as a venue, the county incurs offsetting costs to operate the site.

Small Business Effect: Small businesses in Wicomico County, and particularly those within the vicinity of a vehicle show, benefit from an increase in sales for the duration of a vehicle show, assuming additional vehicle shows occur in the county after the bill takes effect. The magnitude of any impact on small businesses in the county depends on both the number of people attending an event as well as the duration of the event. Thus, a highly attended event that takes place over the course of multiple days may provide a meaningful benefit for nearby small businesses. In addition, Maryland vehicle dealers who attend the vehicle show and sell vehicles that would not otherwise have been sold realize higher profits under the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Recreational Vehicle Dealer's Association; Recreation Vehicle Industry Association; Wicomico County; Comptroller's Office; Maryland Department of Transportation; Department of Legislative Services

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