

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 506 (Senator Reilly)  
Budget and Taxation

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Anne Arundel County - Admissions and Amusement Tax - Exemption -  
Agricultural Tourism

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This bill authorizes Anne Arundel County or a municipality in the county to exempt, by ordinance, from the admissions and amusement tax gross receipts from any admissions or amusement charge for any activities related to agricultural tourism.

The bill takes effect July 1, 2017.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Admissions and amusement tax revenues decrease in Anne Arundel County and municipalities in the county to the extent the exemption is authorized. Based on current collections, Anne Arundel County revenues may decrease by \$15,000 annually beginning in FY 2018. Local expenditures are not affected.

**Small Business Effect:** Minimal.

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Analysis

**Current Law/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 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 stadium authority may impose an admissions and amusement tax at its facilities of up to 8%.

In those instances where gross receipts are subject to both a local and a stadium authority admissions and amusement tax, the stadium authority tax takes precedence. The stadium authority imposes the maximum 8% rate at both stadiums at Camden Yards. Therefore, Baltimore City may only impose a maximum 2% admissions and amusement tax on those receipts.

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).

Counties, municipalities, and the stadium authority are authorized to classify different types of activities, and the rate of tax need not be the same for each type. 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.

**Local Fiscal Effect:** Admissions and amusement tax revenues decrease in Anne Arundel County and municipalities in the county to the extent the exemption is authorized.

Anne Arundel County estimates collecting \$8.8 million in admissions and amusement taxes in fiscal 2017. The county's admissions and amusement tax rate is 10%. Based on current admissions and amusement tax collections from various businesses that are likely involved in agricultural tourism, Anne Arundel County estimates that, to the extent the exemption is authorized, county revenues may decrease by approximately \$15,000 annually beginning in fiscal 2018.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 624 (Delegate S. Howard, *et al.*) - Ways and Means.

**Information Source(s):** Anne Arundel County; Department of Legislative Services

**Fiscal Note History:** First Reader - February 14, 2017  
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Analysis by: Michael Sanelli

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