

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 824
Ways and Means

(Delegate West)

Budget and Taxation

**Admissions and Amusement Tax – Baltimore County – Fees for Nonprofit
Amateur Sports League**

This bill authorizes Baltimore County to exempt, by law, gross receipts from any charge or fee to participate in an amateur recreational sports event or league administered by a nonprofit entity from the admissions and amusement tax. Baltimore County is prohibited from imposing the admissions and amusement tax on amateur recreational sports event or league fees collected before July 1, 2018. However, Baltimore County is not required to refund any admissions and amusement taxes collected on amateur recreational sports event or league fees before July 1, 2018. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: None.

Local Effect: Baltimore County admissions and amusement tax revenues may decrease by a minimal amount beginning in FY 2019. Expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: 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.

Background: Chapters 215 and 216 of 2016 authorized Baltimore City to exempt, by law, gross receipts from any charge or fee to participate in an amateur recreational sports event or league from the admissions and amusement tax.

Local Fiscal Effect: To the extent the exemption is granted, Baltimore County admissions and amusement tax revenues will decrease beginning in fiscal 2019. The extent of the revenue decrease will depend on the number of amateur recreational sports events or leagues in the county and the amount of admissions and amusement taxes currently collected. According to the Comptroller's Office, Baltimore County collected \$5,700 in admissions and amusement taxes from athletic events in fiscal 2017. A portion of this revenue may be attributable to participation fees for amateur sports leagues. Overall, the potential loss in county revenues resulting from the proposed exemption will represent a small fraction of the total revenues collected by the county from the admissions and amusement tax. In fiscal 2018, Baltimore County is projected to collect \$6.2 million in total revenue from the admissions and amusement tax.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore County; Comptroller's Office; Department of Legislative Services

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