

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1209
Ways and Means

(Delegate Amprey)

Baltimore City - Admissions and Amusement Tax - Live Performances

This bill prohibits Baltimore City from imposing the admissions and amusement tax on the gross receipts from charges for admission to certain live performances in venues with a capacity to admit 1,500 or fewer individuals. **The bill takes effect July 1, 2022, and terminates June 30, 2026.**

Fiscal Summary

State Effect: None.

Local Effect: Baltimore City admissions and amusement tax revenues decrease by approximately \$2.6 million annually in FY 2023 through FY 2026. Baltimore City expenditures are not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Minimal.

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 (MSA) 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.

Maximum Authorized Tax Rates

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%. MSA 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 municipal government does not levy a tax, the county tax, if any, applies within the municipality.

Local Tax Rates and Revenue Amounts

Information on local admissions and amusement tax rates and revenues is provided in the [County Revenue Outlook](#) report. A copy of the report is available on the Department of Legislative Services [website](#).

Local Fiscal Effect: Baltimore City admissions and amusement tax revenues decrease by approximately \$2.6 million annually in fiscal 2023 through fiscal 2026. This estimate is based on the following facts and assumptions:

- Baltimore City is projecting to collect approximately \$8.0 million in admissions and amusement tax revenues in fiscal 2023.
- Based on a review of prior revenue collections from the Comptroller's Office and the Baltimore City government, approximately 33% of admissions and amusement tax revenues may be derived from venues with a seating capacity of 1,500 or less.
- Baltimore City's admissions and amusement tax rate is set at 10%.

This estimate is based on actual revenue collections from similar venues prior to the COVID-19 pandemic and assumes that attendance at entertainment venues will return to pre-pandemic levels.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

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