

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1184 (Calvert County Delegation)
 Ways and Means

Calvert County - State Admissions and Amusement Tax - Electronic Bingo and Tip Jars - Distribution and Rate

This bill increases the State admissions and amusement tax rate imposed on electronic bingo or electronic tip jars in Calvert County from 33% to 35%. The bill also directs an amount of revenue attributable to a tax rate of 2% to Calvert County for parks and recreation capital projects or park improvements. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: State admissions and amusement tax revenues increase by \$887,700 in FY 2024 and by \$1.0 million in FY 2028. State expenditures increase by a commensurate amount beginning in FY 2024.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
SF Revenue	\$887,700	\$921,200	\$955,900	\$991,900	\$1,029,200
SF Expenditure	\$887,700	\$921,200	\$955,900	\$991,900	\$1,029,200
Net Effect	\$0	\$0	\$0	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Calvert County revenues increase by \$887,700 in FY 2024 and by \$1.0 million in FY 2028. Calvert County expenditures for parks and recreation capital projects or park improvements increase by a commensurate amount beginning in FY 2024.

Small Business Effect: Minimal.

Analysis

Current Law: The State admissions and amusement tax is imposed on the net proceeds derived from any charge for the operation of an electronic bingo machine permitted under a commercial bingo license or an electronic tip jar machine that is operated for commercial purposes. The combined State and local tax rate may not exceed 35%. The tax is only imposed in Anne Arundel and Calvert counties. The State admissions and amusement tax rate imposed on electronic bingo or electronic tip jars in Calvert County is 33% of the net proceeds subject to the tax. Calvert County does not impose a county admissions and amusement tax on the net proceeds of electronic bingo or tip jars.

The State generated approximately \$18.0 million from the admissions and amusement tax on electronic bingo and electronic tip jars in fiscal 2022. **Exhibit 1** shows the revenue distribution from the tax in fiscal 2022.

Exhibit 1 State A&A Tax Distributions Fiscal 2022

<u>Organization</u>	<u>Amount</u>
Preservation of Cultural Arts in Maryland	\$671,294
Maryland State Arts Council	1,000,000
Boys & Girls Club (Town of North Beach)	50,000
Calvert County Youth Recreational Opportunities Fund	1,568,932
Town of North Beach	538,349
Town of Chesapeake Beach	1,280,582
Maryland E-Novation Initiative Fund	11,885,177
Arts Council of Anne Arundel County	250,000
Maryland Historical Society	250,000
Michael Erin Busch Sports Fund	500,000
Total	\$17,994,334

A&A: admissions and amusement

Source: Department of Legislative Services

State Revenues: The bill increases the State admissions and amusement tax imposed on electronic bingo or electronic tip jars in Calvert County from 33% to 35%. As a result, special fund revenues increase by \$887,700 in fiscal 2024 and by \$1.0 million in fiscal 2028. The estimate is based on average admissions and amusement tax collections

for electronic bingo and tip jars in Calvert County from fiscal 2018 through 2022. The estimate also assumes an estimated annual growth rate of approximately 4.0%.

State Expenditures: The bill directs an amount of revenue attributable to a tax rate of 2% of the State admissions and amusement tax to Calvert County for parks and recreation capital projects or park improvements. As a result, special fund expenditures increase by \$887,700 in fiscal 2024 and by \$1.0 million in fiscal 2028.

Local Fiscal Effect: Calvert County revenues increase by \$887,700 in fiscal 2024 and by \$1.0 million in fiscal 2028, based on assumptions used in the State admissions and amusement tax revenue estimate. The additional revenue is earmarked for parks and recreation capital projects or park improvements.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Comptroller's Office; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2023
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