

**Letter of Information****Senate Bill 324 – Admissions and Amusement Tax – Food and Beverages**  
*Budget and Taxation Committee*  
*January 29, 2025*

The Office of the Comptroller thanks Senator McCray for introducing SB324, Admissions and Amusement Tax - Food and Beverages. SB324 would enable counties or municipalities to impose an admissions and amusements (A&A) tax not to exceed 3% on food and beverages to be consumed “on-premises.” It aims to allow counties and municipalities to generate additional revenue for local services.

SB324, as written, would have the following implications on our agency:

1. **Timeline.** SB324 has an effective date of July 1, 2025. This bill will have considerable impact on the operations of the Compliance Division and will require the Division to produce new regulations, alter the A&A tax return, program changes in the Comptroller’s operational system, and educate taxpayers that have never been subject to remitting A&A on their new obligations. Given existing projects, there is not sufficient time to implement this by the effective date. However, we would be happy to work with Senator McCray to develop an appropriate timeline for implementation.
2. **Clarification on definitions is required.** SB324 imposes the tax on “food or beverages,” but the exemption for charitable, religious, and educational purposes extends only to sales of refreshments. We would request clarification regarding the difference between “refreshments” and “foods and beverages,” if any.
3. **Additional resources needed.** Authorizing counties and municipalities to impose an A&A tax on every restaurant or other facility serving prepared food could represent a massive increase in the number of taxpayers required to remit this tax. As SB324 is enabling legislation, it is difficult to generate exact figures, but at a minimum our office would need to prepare for a significant increase in returns to be processed, additional submissions of Central Registration applications, increased assessment appeals and more. We would also require additional staff to adequately audit and collect potential liabilities.

Despite this being enabling legislation, our agency must be prepared for the potential that every municipality and county chooses to implement this. Thank you for your consideration of this letter. If you have any questions, please feel free to reach out to Matthew Dudzic at [MDudzic@marylandtaxes.gov](mailto:MDudzic@marylandtaxes.gov).

