



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

January 29, 2025

Committee: Senate Budget & Taxation Committee

Bill: SB 324 – Admissions and Amusement Tax – Food and Beverages

Position: Support

Reason for Position:

The Maryland Municipal League supports SB 324, which is an MML, MACo, and Baltimore City priority to enable local governments to establish a food and beverage fee up to 3%.

Maryland's municipal governments are responsible for providing everyday essential services to its two million residents and the millions of visitors to these same jurisdictions yet are limited in the authority to raise the necessary revenues to fund these services. The only meaningful source of revenue municipalities exercise control over is property tax. The dependency on property taxes means nearly all new services and state mandates since the 1967 inclusion of a small share of local income tax are covered by property tax expansion.

The current structure is simply not sustainable. Homeowners are feeling the pressure, and so is the Maryland housing market.

The solution is commonplace in the rest of the country- **45 states and the District of Columbia either share or provide a local option for sales and use tax; or levy a local food and beverage fee.** The chief benefit of this arrangement is that it allows local governments to capture revenue from more than resident property owners –visitors use public infrastructure and local services like roads, bridges, water, police, EMS, parks, playgrounds, and so much more.

Marylanders pay an additional 4% for food & beverages when they visit D.C.; and pay anywhere from 1% to 7.5% when they visit Virginia, on top of the 6% state sales tax. But Maryland's local governments do not recognize any returned revenue when visitors spend time in our jurisdictions for a meal in Maryland.



Maryland Municipal League
The Association of Maryland's Cities and Towns

It is critically important that we have the enabling authority to raise the revenue necessary for local government given the current challenges being faced at the State as we try to be a partner and work together on many of our goals.

For these reasons, the Maryland Municipal League respectfully requests a *favorable* report on Senate Bill 234. For more information, please contact Justin Fiore, Deputy Director of Advocacy and Public Affairs, at justinf@mdmunicipal.org. Thank you in advance for your consideration.

The Maryland Municipal League uses its collective voice to advocate, empower and protect the interests of our 160 local governments members and elevates local leadership, delivers impactful solutions for our communities, and builds an inclusive culture for the 2 million Marylanders we serve.



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Office of the Mayor
Gavin Buckley, Mayor
160 Duke of Gloucester Street
Annapolis, MD 21401-2517

January 23, 2025

TO: Budget and Taxation Committee

RE: SB0324 - A&A Tax - Food and Beverages

POSITION: Support

The City of Annapolis relies largely on property taxes to fund essential services. We are always mindful of the burden on property owners while balancing the need to generate sustainable long term revenue so we can continue to meet increasing costs and deliver essential services. Additional revenue sources that broaden our tax base to a wider pool of residents, as well as to the visitors who also benefit from our City services and infrastructure, are an important part of a sustainable, long-term revenue stream.

The City of Annapolis therefore adds our voice and seeks your support for SB0324. This bill would provide capacity for the City to grow its revenue in order to fund essential infrastructure and community services; maintain and enhance public safety programs and personnel; and advance critical capital projects that promote alternative transportation, address climate challenges, and support long-term resiliency. The increasing costs of resiliency alone, are staggering.

The proposed expansion of the Admissions and Amusement tax, is particularly pertinent to Annapolis which is a hub for visitors from across our state and across the nation. Many of these visitors spend money in food and beverage establishments which is a significant, core, economic activity stream within the City. The 2% tax rate being proposed offers a meaningful but not onerous form of contribution from these visitors to the City - visitors who also benefit from City services and capital infrastructure investments.

As a business owner, I am mindful of the impact of any legislated change to business owners. We believe impacts of SB0324 will be minimal, given this change will fit readily within an existing administrative framework. Furthermore the City is committed to working with our business community to ensure fairness and minimal impact to a constituency that generates jobs and helps keep our local economy strong.

I am also mindful of maintaining a fair and equitable taxation base as possible. The fact that this Bill targets luxury items and non-essentials, while avoiding regressive Sales & Use tax, is another reason it is worthy of support.

The passage of SB0324 will ensure our State Capital, and other local jurisdictions are positioned to maintain and enhance essential services and better positioned to meet the resiliency and other challenges of the future. Local communities are the lifeblood of our nation. Please show them your support by voting for this Bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Gavin Buckley", written in a cursive style.

Gavin Buckley
Mayor of Annapolis



Prince George's County Municipal Association

An Association of 27 Municipalities



January 29, 2025

The Honorable Guy Guzzone, Chair
Budget and Taxation Committee
Miller Senate Office Building
3 West
Annapolis, Maryland 21401

Support for SB324 - Admissions and Amusement Tax - Food and Beverages

Dear Chair Guzzone, Vice Chair Rosapepe, and members of the Budget and Tax Committee,

Thank you for the opportunity, on behalf of 27 municipalities that make up the Prince George's County Municipal Association (PGCMA), which collectively represents more than 955,000 residents, to share our support for SB 324 the Admissions and Amusement Tax for Food and Beverages. This legislation modernizes Maryland's municipal tax code, which has not seen substantial updates in decades, to reflect the significant changes in how our communities gather. The bill would authorize counties and municipalities to impose up to a 3% admissions and amusement tax on food and beverage sales at establishments with on-premises consumption facilities.

Prince George's County municipalities are experiencing unprecedented growth and development, spurred by development along the Blue and Purple Line corridors and throughout the county. These communities are seeing new mixed-use developments, entertainment venues, and dining establishments that combine food service with various forms of entertainment. Developments such as The Aster at College Park-a mixed-use community featuring the county's first Trader Joe's and 60,000 square feet of retail space, including dining establishments-and Carillon in Largo, which includes the University of Maryland Capital Regional Medical Center, a new state-of-the-art movie theater, and upscale restaurants, would benefit from the passage of this bill.

SB 324 Benefits

- **Revenue Flexibility:** The modest 3% maximum rate provides municipalities with a measured tool to generate revenue for essential services while remaining competitive with neighboring jurisdictions.
- **Economic Development Support:** This update helps municipalities better capture revenue from new entertainment-dining venues, supporting continued investment in public services and infrastructure.
- **Modernization:** The bill acknowledges the evolution of entertainment venues, where food and beverage service has become integral to the entertainment experience.

PGCMA strongly supports this legislation as it provides our municipalities with an additional tool to maintain and improve services, while supporting the continued growth and development of our communities. The nominal 3% rate strikes an appropriate balance between revenue generation and business competitiveness.

For those reasons, PGCMA respectfully requests the Committee's **support for SB324.**

Sincerely,

Celina Benitez
PGCMA President



January 29, 2025

Senate Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, Maryland 21401

Subject: SB 324 - Admissions and Amusement Tax - Food and Beverages

Position: FAVORABLE

Chair Guzzone and Members of the Senate Budget and Taxation Committee:

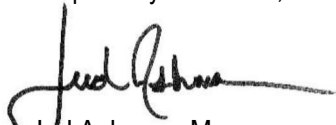
We are writing in support of SB 324, which would give the City of Gaithersburg a new way to generate revenue through the Admissions and Amusement tax. This is a priority bill both for Gaithersburg as well as the Maryland Municipal League.

No longer a sleepy suburban community, Gaithersburg is now among the state's largest municipalities, attracting thousands of employees and visitors daily. Approximately 35,000 people work within Gaithersburg's city limits, including nearly 3,000 at the National Institute of Standards and Technology (NIST) and an equal number at AstraZeneca's North American R&D headquarters. Gaithersburg is also a hub for retail and restaurant activity, clustered within mixed-use communities such as Crown, Rio, and Kentlands, as well as in the Olde Towne Central Business District. Our employers and amenities have helped make Gaithersburg the vibrant destination it has become, and we cannot overstate how much we value and appreciate their investments and contributions to the city's economy and culture. That said, commercial uses do place a higher demand on infrastructure and public services- such as police, parks, and public works- and those are costs that cannot and should not be borne entirely by our residents.

The City of Gaithersburg currently collects a 10% Admissions and Amusement (A&A) tax on amusement sales and 5% on rentals, such as athletic equipment and ski rentals. The approximately \$1.8M in A&A revenue collected annually in Gaithersburg most certainly helps the city fund core service delivery. However, that total represents barely 2% of all revenue collected by city government and covers but a fraction of the costs budgeted for critical municipal projects and programs. We believe that legislation enabling an expansion of the A&A Tax will not only help the City of Gaithersburg better cover such expenses and defer potential real property tax increases for its residents, but also ensure that non-residents who use and benefit from the city's premier services bear a portion of those costs more fully and equitably.

For these reasons, we respectfully request a favorable report on SB 324. Thank you for your consideration.

Respectfully submitted,



Jud Ashman, Mayor
City of Gaithersburg

City of Gaithersburg • 31 South Summit Avenue, Gaithersburg, Maryland 20877-2038
301-258-6300 • FAX 301-948-6149 • cityhall@gaitthersburgmd.gov • gaitthersburgmd.gov

MAYOR
Jud Ashman

COUNCIL MEMBERS
Neil Harris
Lisa Henderson
Yamil Hernández
Jim McNulty
Robert Wu

CITY MANAGER
Tanisha R. Briley



Town of Berwyn Heights

5700 Berwyn Road
Berwyn Heights, MD 20740
Tel. (301) 474-5000
Fax (301) 474-5002

MAYOR

Tiffany Papanikolas

COUNCIL MEMBERS

Edgar Moctezuma (Mayor Pro Tem)
David Wolfinger
Roger Gaines
Chris Brittan-Powell

Friday January 24th, 2025

Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, Maryland 21401

RE: Support SB-0324 Admissions and Amusement Tax - Food and Beverages


Members of the Budget & Taxation Committee,

On behalf of the Town Council of the Town of Berwyn Heights in Prince George's County, I am writing to ask for your support on the proposed SB-0324 Admissions and Amusement Tax - Food and Beverages that would authorize municipalities and counties to charge up to 3% on on-site food and beverage purchases.

Authorizing an enabling local fee under the Admissions and Amusement statute would allow municipal governments to hold local public hearings and assess the viability for each unique jurisdiction. The proposed 3% local food and beverage fee is significantly less regressive than continuing to increase property tax rates and is in line with neighboring states like Virginia, with up to 7.5% authority, and the District of Columbia, which sits at 4%. This would limit the revenue burden being placed on Marylanders, as out-of-state visitors would also then contribute to supporting the cost of services used under this model.

Any questions or concerns can be directed to our Town Manager Kyle Snyder at 301-474-5000 ex7101 or ksnyder@BerwynHeightsMD.gov.

Sincerely,

Signed by:

4EC1BA7168C34C0...
Tiffany Papanikolas
Mayor
Town of Berwyn Heights

CC: Maryland Municipal League



THE
CITY OF BRUNSWICK
MARYLAND

1 WEST POTOMAC STREET • BRUNSWICK, MARYLAND 21716 • (301) 834-7500

January 29, 2025

Senate Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, Maryland 21401

Subject: SB 324 - Admissions and Amusement Tax - Food and Beverages

Position: FAVORABLE

Chair Guzzone and Members of the Senate Budget and Taxation Committee:

The City of Brunswick is writing in support of SB 324, which would give our town a new way to generate revenue through the Admissions and Amusement tax. This is a priority bill for the Maryland Municipal League as well.

While the City of Brunswick does currently receive Admissions and Amusement Tax, the addition of food and beverages would create a much more viable source of revenue. For example, in FY2024 Admissions and Amusement tax represented less than 8% of our overall revenue. This new, expanded revenue stream would help us continue to provide quality government services to our community.

Maryland municipalities have limited methods to generate additional revenue, of course, other than raising property taxes. Brunswick is located in Frederick County alongside a number of outdoor recreational opportunities including the National Historic C&O Canal Park which draws thousands of visitors per year. As a result of participating in the national US EPA program named Recreational Economy for Rural Communities, we have begun to focus our efforts on establishing Brunswick as an outdoor recreation destination. More visitors mean more wear and tear on our city's infrastructure.

The City of Brunswick has made good use of our ARPA funding to take care of some much-needed infrastructure maintenance. In many older small towns across the State, aging water and sewer main replacements and repairs can feel like a game of "whack-a-mole" depending on funding availability. The revenue generated from this new Admissions and Amusement tax would ensure our already taxed infrastructure can be proactively managed from year to year.

Many factors are pointing to a bright future for the City of Brunswick, with residential growth, tourism/recreation growth and many new commercial entities, we are at a critical point of needing additional revenue sources to support the impact of growth on our aging infrastructure.

**BIG TOWN
SMALL CITY**

For these reasons and more, we respectfully request a favorable report on SB 324. Thank you for your consideration.

Sincerely,


Nathan Brown, Mayor