Anne Arundel County _FAV_SB324.pdf Uploaded by: Ethan Hunt



January 29, 2025

Senate Bill 324

Admissions and Amusement Tax - Food and Beverages

Senate Budget and Taxation Committee

Position: FAVORABLE

Anne Arundel County **SUPPORTS** Senate Bill 324 – Admissions and Amusement Tax - Food and Beverages. This enabling Bill would allow counties to impose an admissions and amusement tax no greater than 3% on certain food and beverage sales.

Maryland's local governments are limited in our revenue options by outdated, state-defined tax systems that have not kept up with today's economy. Local responsibilities have grown tremendously, and include maintaining and improving our schools, keeping our transportation infrastructure updated, funding our public safety departments, and other obligations. Local jurisdictions need varied and flexible streams of revenue in order to respond to these and other county needs.

Anne Arundel County already imposes the maximum allowed rate of 10% on a wide variety of admission and amusement charges, such as entertainment activities and bingo. This legislation would give us the option to decide whether to impose a more limited admission and amusement tax rate of no greater than 3% on additional entertainment activities - specifically food and beverage sold for onsite consumption. This kind of local revenue flexibility is necessary for local governments to manage our local budgets. This expanded revenue authority will provide counties with the right tools to meet the changing needs of our communities, stimulate economic growth, and enhance the quality of life for residents.

This enabling legislation will give us the flexibility to tailor our local tax structures to the needs of our communities. For all of these reasons, I respectfully request a **FAVORABLE** report on Senate Bill 324.

(the Pite

Steuart Pittman County Executive

Support_SB324_AA Tax_PGCMA.pdf Uploaded by: Johntel Greene





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

SB0324-BT_MACo_SUP.pdf Uploaded by: Kevin Kinnally



Senate Bill 324

Admissions and Amusement Tax - Food and Beverages

MACo Position: SUPPORT

To: Budget and Taxation Committee

Date: January 29, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 324, which offers counties a much-needed tool to modernize revenue structures and address the mounting fiscal pressures of implementing the Blueprint for Maryland's Future, supporting essential public services, and an escalating housing affordability crisis.

More than two-thirds of Maryland residents live in counties that already impose the maximum 3.2% local income tax rate, leaving property taxes as the primary means of funding essential services. This reliance disproportionately impacts working families, exacerbates inequities, and worsens the state's housing challenges.

SB 324 empowers counties to implement sensible revenue solutions by authorizing local governments to impose an admissions and amusements tax of up to 3% on gross receipts from food or beverage sales under specified circumstances. This authority enables counties to collaborate with residents, businesses, and stakeholders to develop revenue approaches tailored to community needs.

The bill equips counties to fund transformative Blueprint mandates, which require substantial new educational investments while addressing pressing demands for affordable housing, infrastructure, and public safety. Without meaningful revenue options, counties will increasingly rely on property taxes, an unsustainable trajectory intensifying housing affordability challenges and placing undue strain on residents.

Modernizing revenue options ensures counties meet today's challenges without imposing regressive tax burdens or undermining housing affordability. SB 324 provides a balanced, practical solution that supports sustainable community investments while preserving local flexibility.

For these reasons, MACo urges a FAVORABLE report on SB 324.

Support AHA SB 324 Admissions and Amusement Tax Fo Uploaded by: Laura Hale



January 27th, 2025

Testimony of Laura Hale American Heart Association Favorable SB 324 Admissions and Amusement Tax - Food and Beverages

Dear Chair Guzzone, Vice Chair Rosapepe, and Honorable Members of the Budget and Taxation Committee,

Thank you for the opportunity to speak before the committee today. The American Heart Association extends its strong for SB 324 Admissions and Amusement Tax - Food and Beverages. My name is Laura Hale and I am the Director of Government Relations for the American Heart Association.

Local Control in taxation is an important tool in strengthening policies that support public health. We applaud this legislation for its allowance for localities to address the issues of unhealthy foods and beverages in admission and amusement spaces through taxation. What works in Baltimore may be different that what works in Charles County. Counties and cities in Maryland should be able to go beyond the state in addressing public health needs.

The American Heart Association urges a favorable report on Senate Bill 324.

SB 324 Senator McCray's Testimony BandT.pdf Uploaded by: Marvin "DOC" Cheatham

CORY V. McCray Legislative District 45 Baltimore City

Deputy Majority Whip

Budget and Taxation Committee

Subcommittees Chair, Health and Human Services Vice Chair, Capital Budget

Executive Nominations Committee

Legislative Policy Committee Joint Committee on Gaming Oversight



James Senate Office Building 11 Bladen Street, Room 221 Annapolis, Maryland 21401 410-841-3165 · 301-858-3165 800-492-7122 *Ext.* 3165 Cory.McCray@senate.state.md.us

THE SENATE OF MARYLAND Annapolis, Maryland 21401

Vote YES on Senate Bill 324

Bill Title: Admission and Amusement Tax – Food and Beverages Committee: Budget and Taxation Hearing Date: January 29, 2025

Dear Chair and members of the committee:

I am writing to you today in support of Senate Bill 324, which would give counties and municipal corporations the option to establish a targeted admissions and amusement tax on food and beverage sales at establishments with on-premises consumption facilities.

The bill establishes a framework for counties and cities to implement a carefully structured tax on food and beverages consumed at dining establishments. The tax would include regular food and drinks, alcoholic beverages served on-site, soft drinks, and confectionery items when sold at locations where customers can consume these items on the premises.

Senate Bill 342 does include a few protections and limitations. The legislation would exempt grocery stores selling food for home consumption, liquor stores and carry-outs selling for offpremises consumption, and vending machine sales. Establishments that only offer mechanical music, radio, or television and prohibit dancing would not be subject to this tax. These exemptions help ensure the tax is focused on dining and establishment venues rather than everyday retail purchases.

Under **SB 342**, the food and beverage tax rate would not exceed 3 percent for counties and municipalities. This rate is separate from and would not count toward the existing combined 11-percent cap on admissions and sales tax. This structure gives local governments the flexibility to implement rates that work for communities while maintaining clear limits to protect businesses and consumers.

Local governments would need to follow specific processes to implement the tax - counties through a resolution and municipalities through an ordinance or resolution. This ensures proper public process and oversight in any jurisdiction choosing to utilize this authority.

In closing, I respectfully urge you to support Senate Bill 342. This legislation provides a balanced approach to expanding local revenue options while including appropriate safeguards and limitations.

Respectfully,

Cory V. McCray 45th District

SB0324_City of Rockville_Admissions & Amusement Ta Uploaded by: Monique Ashton



Testimony of the Mayor and Council of Rockville SB 324 – Admissions and Amusement Tax – Food and Beverages SUPPORT

Good afternoon, Chair Guzzone and members of the Senate Budget and Taxation Committee. The Rockville Mayor and Council appreciate the opportunity to provide written comments on SB 324. We are thankful to Senator McCray for sponsoring this important legislation.

The Mayor and Council, in concert with the Maryland Municipal League (MML), strongly support SB 324. Maryland municipalities have few options for raising revenue to adequately cover the cost of service provision to our communities. SB 324 expands the ability of municipalities to raise resources beyond the property tax by expanding the Admissions and Amusement Tax to capture revenue from food and beverage for all on-site consumption, which includes restaurants. The bill provides enabling authority for local governments to charge up to 3% for on-site food and beverage purchases.

We support the provisions of SB 324, for the following reasons:

- It provides enabling authority for municipalities to increase revenues, which is critically important given inflationary pressures, contract cost increases, supply chain issues, and other factors making it more costly to provide services to our residents and businesses.
- The expanded revenue tool will bolster the ability of municipalities to make necessary investments in critical services provision, such as policing, street and sidewalk maintenance, parks maintenance, and recreational programing for youth, adults, and seniors.
- The bill will help to reduce pressures to adjust property tax rates in the long term.

SB 324 is a positive first step for Maryland municipalities to have revenue tools that generate resources needed to provide excellent services to our communities. According to a recent study completed by MML, Maryland's municipalities are a major engine of the State, with a total of over \$5.7 billion in economic output. The ability to raise revenue is critical for municipalities to continue this trend. For these reasons we urge the Committee to provide SB 324 with a favorable report. Thank You.

Support_Letter_SB324_signed.pdf Uploaded by: Sara Green



CITY OF LAUREL OFFICE OF THE MAYOR 8103 Sandy Spring Road, Laurel, MD 20707 Phone: 301-725-5300 ext. 2125 • Fax: 301-725-6831

Keith R. Sydnor Mayor

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 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.

The <u>City of Laurel</u> collects a <u>5%</u> Admissions and Amusement (A&A) tax on <u>movie ticket sales</u>, <u>driving range and batting cage fees</u>, <u>miniature golf fees</u>, <u>coin operated games</u>. This revenue helps us continue to provide quality government services to our community. However, with the increase in online streaming services, the largest portion of the current A&A Tax – Movie Theater Ticket Sales - is continuing to decline.

- Total reliance on property tax unfairly burdens the property owners where there are so many non-property owners benefiting from park amenities, infrastructure maintenance, and police, fire and EMS services while working in, visiting or passing through our cities and towns. However, there is currently no mechanism in place to benefit the host jurisdiction.
- Local governments are seeking additional revenue streams to support rising employee costs for competitive salaries and benefits, particularly health insurance; increased costs for supplies and equipment as well fluctuating energy costs for fleet and building utilities; and the City's costs for workers' compensation, property and liability insurances due to industry increases.

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

Sincerely. Keith R. Sydnor

Mayor

Email: laurelmayor@laurel.md.us Twitter: @LaurelMayor Website: www.cityoflaurel.org

SB 324 - MML - FAV v2.pdf Uploaded by: Theresa Kuhns Position: FAV



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@mdmunipal.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.



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

Chanterea 1700

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,

Bar y

Gavin Buckley Mayor of Annapolis





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,

Lud Ashman, Mayor City of Gaithersburg

City of Gaithersburg • 31 South Summit Avenue, Gaithersburg, Maryland 20877-2038 301-258-6300 • FAX 301-948-6149 • cityhall@gaithersburgmd.gov • gaithersburgmd.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: Tiffany A Papanikolas

4ec1BA7168c34c0... Tiffany Papanikolas Mayor Town of Berwyn Heights

CC: Maryland Municipal League



THE CITY OF BRUNSWICI(MARYLAND

I 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 muchneeded 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

SB 324_Gaithersburg_FAV.pdf Uploaded by: Therese Hessler



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@gaithersburgmd.gov • gaithersburgmd.gov

MAYOR Jud Ashman

COUNCIL MEMBERS Neil Harris Lisa Henderson Yamil Hernández Jim McNulty Robert Wu CITY MANAGER Tanisha R. Briley

2025 Greenbelt Draft Testimony Supporting SB324 Ad Uploaded by: Timothy George



GREENBELT CITY COUNCIL

Emmett V. Jordan, *Mayor* Kristen L.K. Weaver, *Mayor Pro Tem* Amy Knesel Danielle McKinney Jenni Pompi Silke I. Pope Rodney M. Roberts

Senate Bill 324 – Admissions and Amusement Tax – Food and Beverages SUPPORT

The City of Greenbelt strongly supports Senate Bill 324, which enables counties and municipalities to impose an admissions and amusement tax on gross receipts derived from the sale of food and beverages under specified conditions. This legislation represents a thoughtful approach to enhancing local revenue generation while maintaining reasonable limits to avoid undue burden on businesses and consumers.

Greenbelt has long prioritized fiscal responsibility while striving to provide high-quality services and amenities for our residents. As demands on local government services continue to grow, municipalities must have access to a diverse set of tools to support community needs. Senate Bill 324 provides local governments with a new, flexible option to strengthen their fiscal foundation without mandating its use.

The bill's 3% cap on the tax rate for food and beverage sales ensures that any increase will be modest and competitive compared to neighboring jurisdictions. Additionally, the exclusion of off-premises sales from grocery stores and similar establishments demonstrates sensitivity to the economic realities of residents and aligns with the broader goals of equity.

For Greenbelt, this measure offers the potential to reinvest in public amenities, support communitybased initiatives, and address pressing needs without overreliance on property taxes. Given our commitment to sustainability, inclusivity, and service excellence, the ability to generate additional revenue locally will help us advance these goals. Reinvestments can go towards micro-transit programs (expanding our City Connection Bus) or shuttle services to better link our Metrorail station to commercial corridors.

We appreciate the safeguards embedded in this legislation, including the provision that this legislation is enabling only and local governments thus retain the discretion to adopt this tax. This ensures that municipalities can tailor their application to align with community priorities and economic conditions.

On behalf of the City of Greenbelt, we urge a favorable report on Senate Bill 324. This bill reflects a balanced, forward-looking policy that will empower local governments to meet the challenges of today and tomorrow.

If you would like additional information and/or have any questions, please do not hesitate to me at ejordan@greenbeltmd.gov or contact Josué Salmerón, MBA, PMP, City Manager, at Direct: 240-542-2024 Cell: 240-941-9495 Email: jsalmeron@greenbeltmd.gov

On behalf of the Greenbelt City Council, I respectfully submit this testimony. Thank you for your attention.

Emmet I. John

Emmett V. Jordan Mayor – City of Greenbelt 25 Crescent Road. Greenbelt, MD 20770

SB324_MHLA_UNF.pdf Uploaded by: Amy Rohrer Position: UNF



Testimony on behalf of the Maryland Hotel Lodging Association

In Opposition to SB 324

Admissions and Amusement Tax - Food and Beverages Budget and Taxation Committee - January 29, 2025

The Maryland Hotel Lodging Association (MHLA) serves as the sole statewide trade association dedicated to advocacy for Maryland's 750+ hotels. Our industry employs more than 25,000 individuals and provides the state with \$2 billion in state and local taxes, \$6 billion in total wages and salaries, and \$9 billion in spending by hotel guests contributing to Maryland's economy.

<u>SB 324</u> would authorize a county or municipal corporation to impose up to a 3% admissions and amusements tax on certain food and beverage purchases. For hotel guests, this could result in an additional tax on banquets, conventions and meetings as well as room service and on-site F&B outlets.

Maryland hotel guests are already heavily taxed. Food and beverage served at our properties is subject to 6% sales tax. The sales tax on alcoholic beverages is even higher at 9%. For overnight guests, rooms are subject to 6% sales tax plus county/municipal occupancy taxes ranging from 4% - 12%. In National Harbor, the total tax rate on hotel rooms is the highest in the state at 18% (6% sales tax + 12% county/municipal occupancy tax). In Baltimore City, hotel guests are assessed an additional 2% for the Baltimore Tourism Improvement District, making the total tax rate on rooms 17.5% (6% sales tax + 9% occupancy tax + 2% BTID assessment).

As taxes and other costs continue to skyrocket for Maryland's hotel guests, we fear that the very real unintended consequences of this bill would cause us to reach a tipping point that will lead to the LOSS of tourism related business. This would in turn diminish our economic viability with a potentially negative impact on jobs AND reduced tax revenue on both the state and local levels at a time when revenue is desperately needed.

We urge an unfavorable report on <u>SB 324</u>.

Respectfully submitted,

Amy Rohrer, CAE President & CEO

HCCC_SB 324_UNFAV.pdf Uploaded by: Andrew Griffin

Position: UNF



January 29, 2025

Legislative Position: Unfavorable Senate Bill 324 Admissions and Amusement Tax - Food and Beverages Senate Budget and Taxation Committee

Dear Chairman Guzzone and members of the committee:

Founded in 1969, the Howard Chamber of Commerce is dedicated to helping businesses—from sole proprietors to large international firms—grow and succeed. With the power of 700 members that encompass more than 170,000 employees, the Howard County Chamber is an effective partner with elected officials and advocates for the interests of the county's business community.

The Howard County Chamber of Commerce strongly opposes SB 324, which would authorize counties and municipalities to impose an additional 3% tax on the sale of food and beverages for consumption on the premises. As the voice of the business community in Howard County, we believe that this tax would have a devastating impact on our tourism and restaurant industries. According to the bill text, the proposed tax would be imposed on gross receipts derived from the sale of food or beverages at a place where there are facilities for the consumption of food or beverages on the premises. This would disproportionately affect restaurants, bars, and other food service establishments that are already operating on thin margins.

Imposing an additional 3% tax on food and beverages would lead to increased costs for consumers, reduced sales for businesses, and a decline in economic activity in Howard County. Our tourism industry, which is a significant contributor to the local economy, would also be negatively impacted as visitors would be less likely to dine out or stay in hotels that charge higher taxes. Furthermore, this tax would create an uneven playing field for businesses in Howard County, as some establishments would be exempt from the tax while others would be required to pay it. This would lead to confusion and unfair competition, ultimately harming the local economy.

We urge the Committee to issue an unfavorable report on SB 324. We believe that this tax would be a step in the wrong direction and would harm the very businesses that are driving economic growth and job creation.

Sincerely,

Kristi Simon President & CEO Howard County Chamber of Commerce

SB324 Testimony - Regal.pdf Uploaded by: Bobby Fiandra Position: UNF



SB 324 – Admissions and Amusement Tax – Food and Beverages In the Senate - Budget and Taxation Committee January 29, 2025 Position: Unfavorable

My name is Bobby Fiandra, I'm a Baltimore City Resident, and I serve as a District Manager for Regal Cinemas, overseeing operations in Maryland, Virginia, and the District of Columbia. Regal operates nine theaters in Maryland, offering 131 screens that cater to a diverse audience. I am writing to express our concerns and opposition to Senate Bill 324.

Regal, like many in our industry, suffered devastating impacts through and after the COVID-19 pandemic. The extended closures, coupled with reduced attendance and increased operating costs, forced us to make difficult decisions, including filing for Chapter 11 bankruptcy and permanently closing four theaters in Maryland. This includes just recently closing our Germantown Maryland location as of December 2024. Challenges such as the 2023 labor strikes in Hollywood have further hindered our financial stability continuing to constrain our attendance levels even today.

Senate Bill 324 threatens to exacerbate these challenges. The proposed tax would impose an additional financial burden on theater operations, particularly by increasing the cost of concessions, which are critical to our revenue. This tax could force us to raise prices on food and beverages, making out-of-home entertainment less accessible to Maryland families and further discouraging patronage. The implications of additional tax could also result in the closure of more theatres.

Theaters operate in a highly competitive environment, and our ability to attract guests depends on providing a compelling and affordable experience. Additional taxes reduce our operational flexibility, limiting our ability to reinvest in facilities, technology, and programming that draw audiences back to the theater. This, in turn, impacts not only our business but also the local economy, as theaters generate significant tax revenue and employment opportunities.

We respectfully urge the committee to take an Unfavorable position or seek exemption for movie theatres.

Sincerely,

Bobby Fiandra District Manager <u>Bobby.Fiandra@RegalCinemas.com</u> 646-629-2379

SB0324-Opposed_LicensedBeverageDistributorsofMD.pd Uploaded by: Bruce Bereano

LICENSED BEVERAGE DISTRIBUTORS OF MARYLAND, INC.

Leadership in Industry Cooperation 446 Park Creek Road Pasadena, Maryland 21122

January 27, 2025

SB 0324 - OPPOSE

<u>Members</u> BREAKTHRU BEVERAGE DISTRIBUTORS REPUBLIC NATIONAL DISTRIBUTING COMPANY, LLC

Senator Guy Guzzone, Chairman Members - Budget and Taxation Committee

Mr. Chairman and Members:

Here we go again. **Maryland has the ninth highest tax on alcoholic beverages** in the United States thanks to rate increases. Now there is a proposal to push Maryland higher up the list of taxes on alcoholic beverages. This time, we will place an amusement tax on alcoholic beverages. That would be amusing ... but enough is enough.

Excise tax, sales tax and now an amusement tax on a beverage. There may be no other product in Maryland taxed three times. **This amounts to triple taxation**. Let's look at this proposal from the taxpaying consumer's position. They already pay **the ninth highest taxes on alcoholic beverages in the country** at \$11.96 per gallon, according to Wise Voters. The national average is \$8.04. Marylanders already pay almost 50% more than the national average. They also already pay a 50% higher state sales tax on alcoholic beverages than other merchandise. Is the goal to push alcohol sales out of state? Is the goal to help the economies in Delaware, Pennsylvania, Virginia and the District by raising the tax in Maryland? We hope not.

The unintended consequences of this proposed budget fix are troubling. This proposal not only **puts Maryland at a sales disadvantage in the DMV**, but also will create competitive winners and losers amongst the subdivisions. The proposal authorizes, but does not mandate, imposition of the amusement tax. This enables shoppers to cherry pick where it will buy a six pack of beer, bottle of wine or whiskey. This will drive sales to some locations and discourage sales in other subdivisions.

Last, the proposal **increases prices at restaurants and bars which already are struggling** to recover from Covid. Just this month, four restaurants closed in Baltimore's Fells Point. Restaurants do not need another challenge to stay in business.

The amusement tax on alcoholic beverages is not amusing, nor is it a good idea. As such, we implore the committee to issue an unfavorable report on SB 0324.

Very truly yours,

Bruce Bereano, representing the Licensed Beverage Distributors of Maryland

DRH Opposition Testimony_SB324.pdf Uploaded by: Derek Hein



January 27, 2025

Maryland Senate Bill 324 (Admissions and Amusement Tax – Food and Beverage) Before the Senate Budget and Taxation Committee Position: Oppose

On behalf of AMC Theatres, the largest theatrical exhibitor in the State of Maryland and the United States, we respectfully request that you oppose SB 324.

One of the most harmful elements of admission taxes is that they deter moviegoers, leading to a decline in attendance. As prices increase due to these taxes, consumers become more hesitant to visit movie theaters, especially with there being so many other alternative entertainment options such as streaming services, which are readily available. A decline in attendance not only impacts the revenue of movie exhibitors but also impacts the overall cinema experience by diminishing the cultural significance of moviegoing.

Families with lower incomes already face tight budget constraints and admission taxes further strain their financial stability. For many, these taxes may mean the difference between participating in community events, family outings or cultural experiences such as seeing a film. This not only limits the quality of life for these families but also reinforces socioeconomic disparities.

Introducing additional financial burdens through admission taxes also limits the resources available for theatres to make investment in modern technologies, facility upgrades and the creation of immersive and innovative cinematic experiences.

The convergence of multiple issues—strikes, pandemic recovery, and industry-wide uncertainty—has created a perfect storm that threatens to undermine the financial progress theaters have made post-pandemic. Our industry remains under significant pressure, which has led Regal, the 2nd largest global movie theater chain to file for chapter 11 bankruptcy and we have seen Pacific Arclight and New Vision liquidated in bankruptcy. As we economically recover as an industry it is important for us to keep the guest experience as affordable as possible. Passage of this legislation will add an additional obstacle to the recovery of the industry and possibly result in the closure of more theaters.

In conclusion, admission taxes have a detrimental impact on movie theaters. These taxes impose financial strain, discourage moviegoers and hinder the industry's ability to adapt and thrive. As we navigate the evolving landscape of entertainment, it is crucial to consider policies that support and sustain the growth of movie exhibitors, fostering an environment where the cinematic experience can flourish.

Sincerely,

Derek Hein On behalf of AMC Theatres derek@csga.com

MD Local Option Food and Beverage Tax 1-28-25.pdf Uploaded by: Emily Smith



January 27, 2025

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

Dear Senator Guzzone:

I am writing on behalf of the Distilled Spirits Council of the United States, the national trade association representing the leading producers and marketers of distilled spirits in the United States, including several craft distillers in the state of Maryland, in opposition to SB 324, which would authorize a county or a municipal corporation to assess up to a three percent gross receipts tax on food and beverages, including beverage alcohol, sold at bars and restaurants.

By almost any measure, beverage alcohol in Maryland is already overtaxed. The current taxation scheme includes a federal excise tax, a state excise tax, significant state and local licensing fees imposed on licensees and retailers of alcohol, and a current sales tax of nine percent, which is thirty-three percent higher than any other product sold in Maryland. When these taxes and fees are piled one upon the other, it results in nearly 50 percent of the retail price going towards a tax or fee of some kind on every bottle of distilled spirits sold in Maryland. The current tax burden makes government an unequal partner in the beverage alcohol business.

This proposed tax on Maryland's hospitality industry comes while restaurants are struggling to rebound after COVID-19. Restaurants will have little choice but to pass the higher tax rates along to consumers in the form of higher prices. The additional tax will have a number of negative impacts on consumers and businesses.

- 1. <u>Prices will go up.</u> Restaurants will have no choice but to raise prices to pay for the increased taxes. As sales decline, they will have no choice but to raise prices to make up for lost revenue.
- Sales will go down. People react to higher prices, and we project nearly \$50 million in lost sales for the state's bars and restaurants. When the additional three percent sales tax was imposed on all alcohol sales in 2011, Maryland's alcohol sales fell behind the national average by more than five percentage points between 2010 and 2015.
- 3. Jobs will be lost. Increased taxes are simply passed along to consumers in the form of higher prices. People react to higher prices and Maryland businesses are projected to

lose significant retail sales. As sales fall, so does economic activity. Gross state product (a measure of general economic activity) will decline, and more than 600 jobs will be lost. Data from the Bureau of Labor Statistics shows that the 2011 alcohol sales tax increase resulted in a similar negative impact to package store employment.

The beverage alcohol industry generates over \$660 million in state and local tax revenue in Maryland already and drives over \$5 billion in economic activity. The state is home to a burgeoning industry of craft distillers, breweries and wineries that drive tourism in the state. And yet, here we are facing a proposal to impose higher taxes on the hospitality industry and its customers. The hospitality industry should not be looked upon as a piggy bank that can be tapped whenever the state wants more money regardless of how laudable the goal might be.

This tax increase will cause consumer prices to go up, retail sales to go down and a significant loss of Maryland jobs. At a time when the state should be working to support the hospitality industry recover from the harsh economic impacts of the pandemic, instead, it is proposing a devastating tax increase.

In closing, adding an additional burden to an already heavily taxed product is not good policy and we urge the committee to reject this proposal and the negative impacts it would have on Maryland consumers and businesses, as well as the local economy.

Sincerely,

Emily Smith

Emily Smith Vice President, State Public Policy Distilled Spirits Council of the U.S.

SB 324 Cinemark Testimony.pdf Uploaded by: Jennifer Abney Position: UNF

CINEMARK[™]

SB 324 - Admissions and Amusement Tax - Food and Beverages Senate Budget & Taxation Committee January 29, 2025 Position: Unfavorable

Dear Chairman Senator Guy Guzzone, Vice Chair Senator Jim Rosapepe, Senator Cory McCray and Members of the Committee,

I am writing in opposition to SB 324 - Admissions and Amusement Tax - Food and Beverages

My name is Jennifer Abney. I am a resident of Anne Arundel County and the Region Vice President of the Northeast for Cinemark Theaters. We operate three locations in Maryland (Anne Arundel, Howard & Baltimore County) and I am concerned that passage of this bill could result in implementation of an additional 3% concession tax which will financially hurt our company.

Our company is still working to recover from the pandemic with attendance levels still below pre-pandemic levels. The labor strikes in Hollywood in 2023 dealt us an additional blow to attendance. An additional 3% tax on our concessions will force us to raise prices to compensate, creating yet another obstacle to overcome.

As a resident of Maryland, and someone not immune to inflation, I am against this additional tax. When businesses are forced to raise their prices due to increasing tax burden, it impedes my family's ability to take advantage of out of home entertainment.

I ask that you consider exempting movie theatres from this additional local tax, or give an unfavorable report

Thank you for your time.

Respectfully,

Jennifer Abney 8436 Garland Rd Pasadena, MD 21122 Cell: 301-278-1226 Office: 410-508-1010

SB324_Letter_1.27.25.pdf Uploaded by: Juli McCoy Position: UNF



January 27, 2025

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

Re: SB324 – Admissions and Amusement Tax – Food and Beverages

Dear Chairman Guzzone and Members of the Committee:

The Allegany County Chamber of Commerce opposes SB324 – Admissions and Amusement Tax – Food and Beverages.

As an organization representing numerous businesses in Allegany County reliant on tourism, we are concerned for how these increased costs for visitors will impact them. If applied, it would directly increase the overall costs to tourists. Opening the option to implement varying tax rates and rules would lead to confusion and may discourage tourists from visiting one part of the state over another. Allegany County is positioned in a region that includes West Virginia, which has beautiful destinations and similar attractions for outdoor recreation. With this in mind, those destinations could become more attractive when considering budgeting.

Although we understand this is an opportunity for local governments to pull in additional revenue, overall, it puts Maryland, and ultimately Allegany County, at risk of being less competitive as a destination. Since 2020, our community has seen a dramatic increase in tourism as a major employer, accounting for dozens of new businesses, and hundreds of jobs. Prices have already increased over the past two years, with the average household placing more discretion on dining out and other extra expenses related to travel and destinations. We simply cannot risk the negative impact of this on our community.

For these reasons, the Allegany County Chamber of Commerce respectfully requests an <u>Unfavorable Report</u> on Senate Bill 324.

Sincerely,

Juli McCoy President & CEO juli@alleganycountychamber.com

cc: Allegany County Delegation

SB324- Amusement Tax FB - Oppose VAAAC.pdf Uploaded by: Kristen Pironis



Testimony in *Opposition* of Senate Bill 324 Admissions and Amusement Tax – Food and Beverage

To:Senator Guy GuzzoneChair, Budget and Taxation Committee

Written testimony from:Kristen PironisExecutive Director, Visit Annapolis & Anne Arundel County26 West StreetAnnapolis, MD 21401410-280-0445 / kp@visitannapolis.org

Date: January 27, 2025

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

On behalf of Visit Annapolis and Anne Arundel County, I am writing to express our **<u>opposition</u>** to Senate Bill 324 regarding Admissions and Amusement Tax – Food and Beverages, which would authorize a county or municipal corporation to impose the admissions and amusement tax on gross receipts from the sale of food or beverages at a rate up to 3 percent.

Tourism is an economic ecosystem, delivering opportunity and quality of life for Marylanders that is derived from visitor spending. The travel sector is an integral part of Maryland's economy, contributing over \$2 billion in state and local tax revenues each year. By increasing the tax rate on food or beverages, this legislation would disincentivize consumers from spending their money in counties or municipalities where the increased rate is adopted. Over time, travelers may avoid counties with prohibitive tax rates in favor of those without them, ultimately reducing the tax base this legislation aims to increase. Additionally, as the volume of tourists decreases, the tax burden of this proposal will be increasingly shouldered by the individuals who live in the jurisdictions that adopt it. The additional cost will factor into their cost of living and quality of life calculations. In response, residents in these communities may avoid businesses where food is taxed at a higher rate and may even consider leaving altogether.

While we understand the importance of finding new revenue streams for local municipalities, this legislation would make the jurisdictions that adopt it less desirable to both live in and travel to which negatively impacts residents and tourists. Visit Annapolis & Anne Arundel County strongly urges that you oppose SB324 and requests an unfavorable report.

Thank you for your service and your consideration.

Sincerely,

Kristen Pironis Executive Director Visit Annapolis & Anne Arundel County

SB0324_UNF_Mid-Atlantic NATO_1.29.2025.pdf Uploaded by: Manuel Geraldo



<u>SB 324 – Admissions and Amusement Tax – Food and Beverages</u> In the Senate - Budget and Taxation Committee January 29, 2025 Position: Unfavorable

On behalf of Mid-Atlantic NATO, a regional affiliate of the National Association of Theatre Owners (NATO), representing movie theatres throughout Maryland, we respectfully submit these written comments in opposition to SB 324.

Movie theatres were devastated by the pandemic and are still trying to recover. Despite slight gains in attendance numbers from when theatres were shuttered due to the pandemic, 2024 box office admissions in Maryland remained at least 25% lower than they were in 2019, and even lower than they were the year before in 2023. It will likely take years for Maryland theatres to recover their pandemic related losses and the Hollywood labor strikes only further compounded the issue by limiting new product in 2024. To the extent applicable to movie theatres, the introduction of additional taxes on food and beverage sales, as outlined in SB 324, would further negatively impact theater attendance as theatres struggle to remain economically viable and available to the average consumer.

Maryland movie theatres, and our customers, are struggling in the current economy. The impact of rising operating costs has already impacted consumer access to movie theatres and adding additional cost in the form of taxes will further erode such access. In the last twenty-four months two large theatre operators closed four significant Maryland locations and since the pandemic numerous other smaller operators left Maryland including ArcLight Cinemas, Bow Tie Cinemas, CMX/CinéBistro, New Vision Theatres, and Northeast/Hoyts Cinema. Most recently, the Next Act Theatre in Pikesville closed permanently on December 30, 2024. The start of 2025 has already been the worst for Maryland's movie theatres in recent years, and theatre film supply continues to be affected by Hollywood's recent labor strikes.

Movie theatres operate on slim margins, only retain a small portion of the income generated at the box office, and are highly dependent on concession sales revenue. In any given week, the lion's share of the box office is paid directly to the film studios as "film rental." In response to a food and beverage tax increase, theatres would be forced to raise ticket prices as well as concession prices to offset lost sales. Higher ticket and concession prices have proven over the years to directly negatively impact both attendance and, more dramatically, food and beverage sales.

Maryland's Movie Theatres are already subjected to local admission taxes of up to 10% on movie tickets, as well as state taxes of 6% on food and beverages, and 9% on alcohol sales. While typically "built-in" to the price displayed, these fees are ultimately being paid by the consumers. Increasing



taxes is highly regressive and could put the cost of movie going out of reach for those least able to pay more. In addition, these added taxes could eliminate an affordable and much needed recreational outlet for fixed and lower income people, including senior citizens, families and teenagers.

The motion picture industry confronts competition from more sources than ever before. The availability of in-home streaming content provides consumers with a wide range of entertainment options. In today's economy, consumers are very mindful of the value proposition of competing entertainment and spending their own limited resources. Increasing the cost of in-theatre entertainment, such as would result for additional taxes, will certainly lead consumers to consider cheaper forms of entertainment and impact theatre attendance.

Maryland's proposed admissions tax on food and beverages would be an outlier as policymakers are focused on policies that encourage families and citizens to support local businesses. To our knowledge, no other state nor county has implemented an admissions tax on food and beverages in recent years, and in fact, the State of Connecticut repealed its decades old admissions tax on movie theatres effective January 1, 2023. While the theatres want to be good community partners, government leaders have recognized that taxing movie-goers would create a ripple effect in the local economy, causing a decline in retail and restaurant traffic for neighboring businesses when patronage generated by the theatre disappears. In locations where cinemas are the anchor tenants for retail centers, a closed theatre makes it difficult for commercial landlords to garner other tenants especially in this challenging business environment.

The cinema industry is a leader in employing young first-time job holders, as well as individuals with disabilities and elderly persons—workforce demographics that generally have difficulty finding employment. Cinemas forced to cut costs in the face of an admissions – food and beverage tax increase, with its negative effect on attendance and concession sales, would have no other option than to lay off workers and cut jobs for senior citizens and teenagers.

For these reasons, we ask you to give an unfavorable report on Senate Bill 324, or exempt movie theatres accordingly.

For further information, please contact Manny Geraldo (202.924.4386, <u>mgeraldo@cgagroup.com</u>) or Christopher Dews (301.412.25399, <u>cdews@cgagroup.com</u>) of Cornerstone Government Affairs, registered lobbyists for Mid-Atlantic NATO, or Doug Murdoch, Executive Director of Mid-Atlantic NATO (443.895.1446, <u>doug@midatlanticnato.com</u>

SB 324 - OPP - Diageo 01-29-2025.pdf Uploaded by: Marta Harting



January 27, 2025

Re: TESTIMONY IN OPPOSITION TO SB 324 -- Admissions & Amusement Tax on Food and Beverages

Maryland Senate Budget & Taxation Committee Senator Guy Guzzone, Chair

Dear Chair Guzzone and Members of the Budget & Tax Committee:

Diageo North America is contacting you in opposition to SB 324. Diageo North America is the leading premium drinks business and one of the best-performing consumer packaged goods companies across the United States and Canada. Our 200 plus brands are enjoyed across our market and include some of the world's oldest and best loved brands, such as Johnnie Walker, Ketel One, Captain Morgan, Crown Royal, Bulleit, Don Julio, and Guinness.

As you are aware, we own and operate <u>Guinness Open Gate Brewery</u> in Baltimore County, where we serve food and brew multiple varieties of Guinness, including Baltimore Blonde for on-site consumption. Diageo has invested over \$90 million dollars in Baltimore County since 2018, and we've welcomed over 1.7 million visitors. We've contributed over \$2 million to our local community partners including Maryland Food Bank, Oyster Recovery Partnership, and Job Opportunities Task Force to name a few.

In January 2024, we launched our free Learning Skills for Life program in Baltimore with 70 graduating participants thus far. Learning Skills for Life is our business and hospitality skills program for those seeking employment in the hospitality industry but who may have faced barriers to education and employment in their lives. Our program provides equal access to business and hospitality skills and resources to increase participants' employability, improve livelihoods, and support a thriving hospitality sector that works for all.

Diageo has significant concerns about the potential negative impacts this legislation may have on Maryland's residents and businesses. Consumers are experiencing higher costs of goods due to increased inflation rates over the past few years, and by increasing taxes on food and beverages, these taxes place an additional burden on families. Implementing an additional tax on food and beverages consumed on-site could lead to increased prices for consumers. This may discourage dining out, adversely affecting local restaurants, cafes, and other establishments that are integral to our communities. The hospitality industry will find this additional tax burdensome, potentially leading to reduced sales, layoffs, or even closures.

In conclusion, Diageo respectfully urges you and your colleagues to oppose SB 324 and seek alternative approaches that support both the fiscal health of our local governments and the well-being of Maryland's residents and businesses.

SB0324 - MTC Testimony.pdf Uploaded by: Matt Libber Position: UNF



January 27, 2025

Maryland Senate Senator Guy Guzzone, Chair Budget and Taxation Committee Miller Senate Office Building Annapolis, Maryland 21401

RE: Opposition of SB 324 - Admissions and Amusement Tax - Food and Beverages

Chairperson Guzzone and Members of the Committee,

My name is Matt Libber, and I am the Legislative Committee Chair for the Maryland Tourism Coalition (MTC). I am writing to you today to express MTC's opposition to House Bill 1306. The Maryland Tourism Coalition is a trade organization with members representing all areas of tourism in the State of Maryland. Our mission is to support businesses and organizations that cater to the tourism industry through education, networking, and advocacy. As such, MTC asks the committee to vote in favor of this bill.

MTC opposes this legislation as government overreach in the collection of taxes. This bill would add additional taxes on food and beverage sales for events and activities but also everyday meals at restaurants for Maryland families. These food and beverage items are already subject to State sales tax, and in the case of alcohol sales, the higher 9% sales tax. Adding these items into the calculation of the Admission and Amusement tax amounts to double taxation on these items. While there are 45 million visitors to the State every year and nearly all of them dine out while visiting, the reality is that the majority of restaurant patrons are still Maryland families. The proponents will argue that this food and beverage tax will help keep property taxes down while providing municipalities and counties with additional revenue. Given that the majority of restaurant patrons are Marylanders this is just a tax increase in a different name. There are also no protections in the bill that would preclude a jurisdiction from both enacting this tax as well as raising property taxes.

While Maryland's Tourism industry brings in more than \$20.4 billion in economic impact and \$2.4 billion in taxes to the State and local jurisdictions, we cannot keep going to this well without further investment into the tourism industry. The proceeds of this new tax would be unrestricted use by the local jurisdictions that choose to enact it. In order for the tourism industry to increase the pool of revenue to be able to sustain a tax increase such as this, there needs to be more investment in tourism marketing to draw more people to the state. If this tax were to be enacted MTC would ask that a portion of the tax collected go back to tourism marketing efforts for the jurisdiction where it was collected.



For all of the reasons presented, the Maryland Tourism Coalition respectfully asks for an unfavorable report for Senate Bill 324.

Respectfully submitted,

Mothew B Litter

Matt Libber Legislative Chair Maryland Tourism Coalition <u>mlibber@mdsoccerplex.org</u> 301-528-1480

SB324_RestaurantAssoc_Thompson_UNF.pdf Uploaded by: Melvin Thompson



Senate Bill 324

Admissions and Amusement Tax - Food and Beverages

January 29, 2025

Position: **OPPOSE**

Mr. Chairman and Members of the Budget and Taxation Committee:

The Restaurant Association of Maryland strongly opposes Senate Bill 324.

This legislation would enable local governments to impose an admissions and amusement tax of up to 3 percent on gross receipts derived from the sale of food and beverages (including alcoholic beverages) sold at businesses with on-premises consumption, such as restaurants and bars. This would include food and beverages (except alcohol) sold for carryout and delivery. This legislation unjustifiably targets the foodservice industry for generating new local tax revenue.

Restaurant industry profit margins generally average about 3 to 5 percent and have been negatively impacted by inflation and rising labor costs. Restaurant operators would not be able to absorb the cost of this new tax and would be forced to pass it on to customers through higher menu prices to maintain their profit margins. Such price increases would discourage customers from dining out as frequently in jurisdictions that opted to impose such a tax. This would result in sales declines and possibly reduced working hours and job losses for restaurant employees.

Many restaurants are currently struggling with lackluster sales and still trying to pay off debts incurred during the COVID pandemic. Our industry does not need the burden of a new tax compounding other operational challenges.

For these reasons, we respectfully request an unfavorable report.

Sincerely,

Mehrie R. home

Melvin R. Thompson Senior Vice President Government Affairs and Public Policy

Senate Bill 324 - MDMO - Oppose.pdf Uploaded by: Michael Mason



January 27, 2025

The Honorable Guy Guzzone, Chairman Senate Budget and Taxation

Re: Senate Bill 324 - Admissions and Amusement Tax - Food and Beverages

Position: <u>Oppose</u>

Chairman Guzzone & Committee Members:

On behalf of the Maryland Association of Destination Marketing Organizations (MDMO), I am writing to express our <u>opposition</u> to Senate Bill 324 – Admissions and Amusement Tax - Food and Beverages. Senate Bill 324 would authorize a county or municipal corporation to impose the admissions and amusement tax on gross receipts from the sale of food or beverages at a rate up to 3%.

Tourism is an economic ecosystem, delivering opportunity and quality of life for Marylanders that is derived from visitor spending. The travel sector is an integral part of Maryland's economy that contributes over \$2 billion in state and local tax revenues a year. By increasing the tax rate on food or beverages, this legislation would disincentivize consumers from spending their money in a county or municipality where the increased rate is adopted.

Over time, travelers may avoid counties with prohibitive tax rates in favor of those who are without them, reducing the tax base this legislation is intended to increase. Additionally, as the volume of tourists decreases, the tax burden of this proposal will be increasingly shouldered by the individuals who live in the jurisdictions that adopt it. The additional cost will factor into their cost of living and quality of life calculations. In response, individuals in these communities will avoid the businesses where food is taxed at a higher rate and may consider leaving altogether.

While we understand the importance to the state of finding new revenue streams, this legislation would make the jurisdictions who adopt it less desirable to both live in and travel to. The proposal would hurt businesses and limit income to the state in the long run. We respectfully request an *unfavorable* report on SB 324.

Respectfully Submitted, Cassandra M/. Vanhooser Chairman

SB324_GCCC_unfav (2025).pdf Uploaded by: Mike O'Halloran



TO:	Senate Budget & Taxation Committee
FROM:	Garrett County Chamber of Commerce
DATE:	January 29, 2025
RE:	OPPOSE SENATE BILL 324 – Admissions and Amusement Tax – Food and
	Beverages

The Garrett County Chamber of Commerce is the largest professional business association in Garrett County with nearly 500 members representing every industry in the region. The Chamber was formed to organize, support, and represent Garrett County's business community in advancing common interests and promote our county's hospitality and recreation industries by attracting visitors through comprehensive marketing.

As introduced, Senate Bill 324, generally, would allow a county or local government to charge restaurants, bars, cafeterias, eateries, and more a gross receipts tax of up to 3% on the sale of food, alcoholic beverages, soda, bottled water, and candy.

Garrett County prides itself on its hospitality offerings. Levying this tax on our local restaurants and eateries would put us at a competitive disadvantage and add to the costs of these businesses, lead to price increases for our visitors, and be a drain on our local community.

Garrett County lies in an area with easy access to Maryland's neighbors - Pennsylvania and West Virginia. Garrett businesses enjoy an advantage over them in this regard because Pennsylvania allows localities to set up their own local GRT based on industry and West Virginia has a local GRT. Adding this would create a new, complex method of tax collection for our businesses.

This legislation will hurt Garrett County businesses. For these reasons, the Garrett County Chamber of Commerce respectfully requests an <u>unfavorable report</u> on SB324.



SB324_NFIB_unfav (2025).pdf Uploaded by: Mike O'Halloran



NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: Senate Budget and Taxation Committee

FROM: NFIB – Maryland

DATE: January 29, 2025

RE: **OPPOSE SENATE BILL 324** – Admissions and Amusement Tax – Food and Beverages

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America's small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland's small businesses, NFIB opposes Senate Bill 324 – legislation that, generally, would allow a county or local government to charge restaurants, bars, cafeterias, eateries, and more a gross receipts tax of up to 3% on the sale of food, alcoholic beverages, soda, bottled water, and candy.

This legislation will have an outsized and negative impact on small businesses in the jurisdictions that levy this tax. Administering the tax as prescribed in SB324 will introduce a new method of tax collection for many of these businesses, adding new complexities.

Given Maryland's unique geography and compact size, SB324 will put small businesses in such counties at a competitive disadvantage to their neighbors, not just over state lines, but now over county lines.

NFIB strongly supported legislation in 2020 (<u>SB223/HB185</u>) establishing a commission to evaluate the State's tax systems and make recommendations to ensure Maryland's tax policy is competitive with surrounding jurisdictions and encourages business growth and job creation.

We encourage the General Assembly to revisit the idea of such a commission before passing legislation like SB324 which creates more of a financial web small business owners must work through to ensure they remain competitive, financially viable, and do not run afoul of more tax collection requirements.

For these reasons, **NFIB opposes SB324** and requests an unfavorable report.

Against County Amusement tax SB0324 012725.pdf Uploaded by: Paul Sundell

Against County Amusement Tax SB0234 and Its Senate Complimentary Bill

Paul Sundell Severna Park Md. 21146

I am a retired federal macro economist that lives in Maryland. I have been a registered democrat my entire time as a voter and have lived in the state for over 30 years. I vote strongly for the democratic party in national elections but I have become an independent voter at the state and local level as I have been disappointed with the high rate of increases in real state spending and increases in Maryland taxes either through direct higher tax rates, large increase state fees for essential services or failing meaningfully to adjust the Maryland tax code to inflation. The data indicates that this is significantly leading to an exodus of seniors and upper middle and higher income earners from the state As shown in the Atlas Van Lines Movers Survey

https://www.unitedvanlines.com/newsroom/movers-study-2023

Maryland politicians have been raising our taxes both explicitly and implicitly for years and it has made Maryland a noncompetitive state from a tax stand point relative to most of its neighboring states. To me and many other Marylanders, the problem is state overspending that needs to be addressed by spending cuts not through more and new taxation. This additional amusement tax will make needed amusement and socializing by Marylanders more expensive and likely reduce the revenue of restaurants and entertainment centers. Many Marylanders myself included have had it politically with the continued state overspending and the politicians that support it. It is why the state has its large projected deficit in 2025 and in coming years. This ever increasing real tax and fee burden is especially negative for low and middle class Marylanders and retires. The states high cost of living and taxations and fees are driving many Marylanders to emigrate out of the state.

Kiplinger rates Maryland has the 6th highest state in terms of the percentage of income spent on state and local taxes by median income earners https://www.kiplinger.com/taxes/least-tax-friendly-states-for-middle-class-families. Maryland's tax code other than its small standard deduction and a few other deductions is largely not indexed to inflation. Tax rates by income and personal exemptions are not indexed to inflation. Thus if your income goes by the rate of inflation your tax bill goes up by more than the rate of inflation. In addition a greater share of Marylanders now do not itemize on their federal taxes so they cannot itemize on their Maryland tax returns further raising their taxes because of the small level of deductions and exemptions in the Maryland personal tax code.

Higher taxes relative to neighboring states will continue to drive Marylanders out of the state and lowering the tax base. This is especially true for retirees and upper middle and higher income earners as shown in recent years by the Annual 2023 United Van Lines Annual National Movers Study.

I believe Maryland as a spending problem with Maryland Politicians being too beholding to the special interest groups that support them and thus grant them with spending and tax benefits at the expense of taxpayers as group. It is long overdue that Maryland balance its budget on the spending side not on the tax side and certainly not by raising taxes. In my opinion the biggest driver of the Maryland deficits is Maryland's Blue Print For Education. To raise taxes and not reduce spending in the Blue Print for Education is ridiculous in my opinion.

I firmly believe that Maryland's Blue Print For Education passed in 2021 needs to be reduced significantly in cost going forward, made fiscally responsible, with more oversight. The laws required 38 billion dollars in increased spending over a ten year period through 2031 The time line for implementation should be lengthened as well. If not, tax rates and fees for Marylanders will increase at an extremely fast rate over the next decade. In a wealthy state such as Maryland, students deserve good to very good schools and need to be strongly encouraged to take advantage of it. Personal effort and determination are major factors in one's success in any field of endeavor. However as it for virtually all spending beyond a certain point, diminishing returns exist where the benefits are significantly less than the costs with the opportunity costs rising in the forms of higher taxes and less funding availability for other projects. Numerous independent groups have called out the Maryland Blue Print for Education as being far too expensive, fiscally irresponsible, and lacking oversight. Moreover, I believe counties should have input on the level of school spending and what they can afford. Counties should have the option to opt out of part of and lose matching state funds should they decide to do so. Anne Arundel County real estate taxes were raised 5 percent in 2023 and we all know the over whelming reason why.

Please show fiscal responsibility and do not raise the general tax burden and the fees for basic state services further on Marylanders. I believe that it will only increase the exodus of Marylanders from the state. I believe more Maryland voters are demanding more fiscal responsibility from its elected representatives

HB 324 - Admissions and Amusement Tax - Food and B

Uploaded by: Richard Bagwell Position: UNF



SB 324 - Admissions and Amusement Tax - Food and Beverages Senate Budget and Taxation Committee January 27, 2025 Position: Unfavorable

Dear Chairman Guzzone, Vice-Chair Rosapepe, and Members of the Committee,

I am writing in opposition to HB 324 - Admissions and Amusement Tax - Food and Beverages

My name is Wanda Jacocks. I am a resident of Charles County and I work in Prince George County. I am currently the Senior Manager for Xscape Theaters located in Brandywine, MD. I am concerned that passage of this bill could not only impact our business but would also negatively impact the families of our community.

Our location is still suffering from the pandemic. Our attendance levels remain below prepandemic levels. An additional 3% tax will force us to raise prices to compensate, thus creating another barrier to our hopeful future recovery.

As a resident of Maryland, and someone not immune to inflation, I am against this additional tax. When businesses are forced to raise their prices due to increasing tax burden, it impedes local families from participating in out of home entertainment.

Sincerely,

Wanda Jacocks



2025.01.27 Warehouse Cinemas - MARYLAND SB 324 - A

Uploaded by: Richard Daughtridge Position: UNF



SB 324 - Admissions and Amusement Tax - Food and Beverages Senate Budget and Taxation Committee January 24, 2025 Position: Unfavorable

Dear Senator McCray,

I am writing in opposition to SB 324 - Admissions and Amusement Tax - Food and Beverages.

My name is Richard Daughtridge, and I am the President and CEO of Warehouse Cinemas. We are a small movie theatre with 3 locations in Maryland, including a location in Baltimore City. Specifically, Baltimore City taxes are already the highest among our three locations. I am concerned this will lead to the implementation of an additional 3% concession tax which will financially hurt our company. This may also force us to increase ticket sales to the consumer.

Furthermore, based on the challenges facing the movie theater industry and our unique workforce, I would recommend at least an exemption for movie theaters.

Our company first opened during the pandemic, and we are still recovering from our costs. Additionally, the effects of the pandemic made things difficult for us to recover as the movie theater industry has been one of those that were greatly affected by this global crisis. Also, the recent Hollywood labor strikes have reduced the number of movies being released, which has had a major impact on attendance. Another major challenge has been the increase in the minimum wage. This has forced us to raise prices to compensate. A tax increase will do the same. We simply do not need another challenge to overcome in our efforts to stay in business.

Thank you for your time.

Respectfully,

Richard Daughtridge Warehouse Cinemas President and CEO

RC Theatres Testimony - SB 324 - Admissions and Am Uploaded by: Shelbi Gutowski



SB 324 - Admissions and Amusement Tax - Food and Beverages Senate Budget and Taxation Committee January 24, 2025 Position: Unfavorable

Dear Chairman Senator Guy Guzzone, Vice-Chair Senator Jim Rosapepe, and Members of the Committee,

I, David Phillips (COO & CFO of R/C Theatres), am writing in opposition to SB 324 - Admissions and Amusement Tax - Food and Beverages.

We are a family-owned and operated movie theatre company with 3 locations in Maryland. I am concerned this bill will lead to implementation of an additional tax of up to 3%, which will financially harm our company.

R/C Theatres, and the industry as a whole, is still in recovery mode from the pandemic after being forced to shut down our theatres in 2020 and 2021. Additionally, the Hollywood labor strikes negatively impacted the film release schedule for 2024, which directly affects our attendance. We also recently increased our employee pay due to the minimum wage increase. These challenges have led to us needing to increase our admissions and F&B prices in order to stay afloat. We can not afford a tax increase, on top of the previously mentioned financial burdens. Our theatres create jobs for the communities we're in and a safe space for Marylanders to escape the woes of reality through a cinematic experience.

We appreciate your attention to this matter.

Sincerely,

David Phillips COO & CFO

Tom Croghan_Testimony on SB0324.pdf Uploaded by: Thomas Croghan

TESTIMONY

TO:SENATOR GUY GUZZONE,
BUDGET AND TAXATION COMMITTEE

- **FROM:** TOM CROGHAN OWNER & EXECUTIVE WINEMAKER, THE VINEYARDS AT DODON FOUNDING CHAIR, DO YOUR PART INITIATIVE
- SUBJECT: OPPOSITION TO SB0324
- DATE: JANUARY 24, 2025

Situation. SB0324 proposes a 3% admissions and amusement tax on foods and beverages served for onpremise consumption at various venues. While the text is unclear, one interpretation includes food and beverages served during agrotourism activities. This memo examines the effects of imposing this tax on agrotourism, farms, and the future of food security in the State.

Background. Maryland faces an extraordinary budget deficit and is appropriately examining new sources of revenue. The Governor's proposed budget raises income tax rates on high-income earners, lowers them on lower and middle-income earners, and leaves sales taxes alone. The proposed modifications to the admissions and amusement tax fall outside these taxes.

Admission and amusement taxes are charged when an event or activity charges an admission fee. SB0324 proposes to levy an additional 3% tax on gross receipts from food and beverages purchased when facilities are available for on-premise consumption.

Analysis. An example will help clarify my concern. My granddaughter and I go to an apple orchard every fall, picking and purchasing several bushels to take home. We also purchase other fruits and vegetables. The facility includes several amusements, such as hayrides and a haunted house, for which there is an admission fee. It also prepares apple fritters and cider for on-site consumption at its picnic tables. A reasonable interpretation of SB0324 suggests that the new tax would apply to all our purchases, including the apples and vegetables we buy for off-premise consumption. Additional taxes related to agrotourism and value-added production would be unfair to producers and consumers and further threaten Maryland's fragile food system.

Maryland's food system is extraordinarily fragile.

- According to the UN's Food and Agriculture Organization, the Intergovernmental Panel on Climate Change, and the National Climate Assessment, the loss of biodiversity, chemical and plastic pollution, and extreme weather and warming threaten to collapse the food system by midcentury.
- Maryland raises a pound of chicken for every resident; this production is now threatened by bird flu. 70% of the State's cropland supports the chicken industry.

- More than 95% of the fruits, vegetables, and nuts consumed here are grown in the deserts of California, Arizona, Mexico, and Chile, regions with declining water availability, excessive heat, and wildfires.
- The Panama Canal, the chief shipping lane for this produce, is increasingly restricted by limited water to operate the canal's gates.
- Many Marylanders already face food insecurity. Many more would starve if the food system collapsed.
- The Administration has failed to take decisive action to address these threats.
- Robust, decentralized, local food production is essential to avoid this worst-case scenario.
- Even if this scenario does not occur, a strong local food system would provide healthier, more nutritious food with significant benefits for health and wellbeing.

Agriculture is risky, especially for families living and working on small farms.

- Most farms in the United States <u>report losses</u> each year.
- Agriculture faces enormous weather-related challenges and requires significant capital investment.
- The proposed tax will disproportionately affect these low-income operations, contrary to Governor Moore's appeal to lower taxes on this population segment.

To overcome these challenges, many Maryland farms sell their products directly to consumers at agrotourism events.

- Agrotourism eliminates middlemen and reduces overhead expenses.
- These events also create community and loyalty for local products.
- They bring Marylanders closer to the natural world.
- They provide consumers with recreation and joy.

Many "value-added" farm products are sold at agrotourism events.

- Value-added products are made from raw materials grown on the farm. Examples include organic vegetables and fruits, making ice cream from milk, and producing cider from apples.
- Encouraging <u>value-added production</u> represents a cost-effective investment in a better future. Producers receive <u>less than eight cents</u> of every dollar spent on food. <u>Capturing more value</u> from their agricultural products by processing and selling them directly to consumers can mean the difference between financial stability and selling the farm.

Maryland has imposed new taxes on value-added producers who sell directly to consumers over the last 15 years.

- In 2011, the State raised the sales tax on alcoholic beverages by 50%, resulting in a marked reduction in demand for locally produced products.
- In 2018, the State Department of Assessment and Taxation modified its assessment of improvements on Maryland farms, imposing extraordinary increases in property taxes, some as high as 2100%, reducing net farm income by an estimated \$300,000,000 (see 2024 Fiscal Note attached to SB869). Other forms of development have undoubtedly replaced Maryland farms as a result.

Recommendations. For most of Earth's living creatures, life is a Sisyphean struggle to find food and shelter. For the past 10,000 years, humans have largely escaped this unfortunate condition. Maryland should encourage robust production of healthy foods (fruits, nuts, and vegetables) to avoid returning to it.

Regrettably, the State has increased taxes on producers in the recent past. Now, SB0324 proposes a new tax on them, inching the state even closer to a looming cataclysm.

I ask that you oppose SB0324.

SB 324 Testimony Horizon Cinemas UNFAVORABLE.pdf Uploaded by: Thomas Wienholt



SB 324 – Admissions and Amusement Tax – Food and Beverages In the Senate - Budget and Taxation Committee January 29, 2025 Position: Unfavorable

Dear Chairman Guzzone, Vice-Chair Rosapepe, and Members of the Committee,

I am writing in opposition to SB 324 - Admissions and Amusement Tax - Food and Beverages

My name is Thomas Wienholt, and I am the Vice President of Horizon Cinemas. We are a small family-owned movie theatre company with 3 locations in MD. I am concerned this bill will lead to implementation of an additional 3% concession tax which will financially hurt our company.

Our company is still recovering from the pandemic after forced closures in 2020 and 2021. Attendance is still significantly below prepandemic levels. Also, the recent Hollywood labor strikes have reduced the number of movies being released, which has had a major impact on attendance. Another major challenge has been the increase in the minimum wage. This has forced us to raise prices to compensate.

As a result of these challenges, we recently had to close two of our five Baltimore area locations. Our Beltway Plaza location in Overlea closed in February 2023, and our Sun Valley Plaza location in Glen Burnie closed in October 2024.

Another tax increase will do even more harm to our remaining locations. We simply do not need another challenge to overcome in our efforts to stay in business.

Thank you for your time.

Respectfully,

Thomas Wienholt, VP

MDFB - Opposition- SB324 Admissions and Amusement Uploaded by: Tyler Hough



January 27, 2025

To: Senate Budget and Taxation Committee

From: Maryland Farm Bureau, Inc.

RE: Opposition – SB0324 - Admissions and Amusement Tax - Food and Beverages

On behalf of the nearly 8,000 member families of the Maryland Farm Bureau, I respectfully submit written testimony in opposition to SB0324 Admissions and Amusement Tax - Food and Beverages. This bill proposes to authorize counties and municipal corporations to impose the admissions and amusement tax on gross receipts derived from the sale of food or beverages.

Agri-tourism has become a vital way for farmers to diversify their operations, sustain their livelihoods, and connect Maryland's residents with the agricultural community. Agri-tourism activities often include farm-to-table dining experiences, pick-your-own produce events, farm markets, cideries, breweries, and wineries. These operations not only supplement farm income but also provide educational and recreational opportunities to the public, promoting agriculture as an integral part of Maryland's culture and economy.

The imposition of the admissions and amusement tax on food and beverage sales within these operations would create significant financial challenges for Maryland's farmers and agri-tourism businesses. Many of these businesses operate on thin margins and are highly sensitive to increases in operational costs. An additional tax on food and beverage sales would likely result in higher prices for consumers, reduced competitiveness, and diminished revenue for farmers who rely on these enterprises to stay viable.

For many small-scale farmers and agri-tourism operators, managing the administrative and compliance requirements associated with new taxes poses a significant burden. Many of these businesses lack the resources to navigate complex tax regulations, which could lead to inadvertent non-compliance and penalties. The additional administrative responsibilities could discourage farmers from exploring or continuing agri-tourism ventures altogether.

Maryland's farmers are already grappling with numerous challenges, including fluctuating commodity prices, labor shortages, and the impacts of climate change. Adding the admissions and amusement tax to food and beverage sales would exacerbate these difficulties and threaten the viability of agri-tourism operations that contribute to the economic and cultural fabric of our state.

Maryland Farm Bureau Respectfully Opposes SB324

Sincerely

Rough

Director of Government Relations Please contact Tyler Hough, though@marylandfb.org, with any questions

SB 324 - LOI.pdf Uploaded by: Matthew Dudzic Position: INFO



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:

- 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.
- 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 <u>MDudzic@marylandtaxes.gov</u>.

