


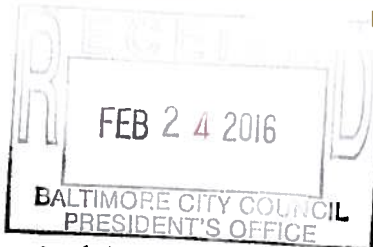
FROM	NAME & TITLE	Henry Raymond, Director <i>H. Raymond</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Finance Room 454, City Hall (396-4940)		
	SUBJECT	City Council Bill 15-0611 – Admissions and Amusement Tax – Arena Artistic Performance Exemption		

TO

Honorable President and
Members of the City Council
C/O Natawna B. Austin
Room 409, City Hall

DATE:

February 23, 2016



This CCB 15-0611 Admissions and Amusement Tax - Arena Artistic Performance Exemption is for the purpose of exempting certain artistic performances from the admissions and amusement tax; defining certain terms, and generally relating to the admissions and amusement tax.

Analysis

This bill would exempt from the City's Admission and Amusement Tax the gross receipts from any admission or amusement charge levied for attendance of a performance or exhibition of an artistic work at the City owned arena located at 201 W. Baltimore Street (currently known as Royal Farms Arena). "Artistic Work" is given the meaning stated in the State Economic Development Article §4-701(B):

§ 4-701. Definitions

(a) In general. -- In this subtitle the following words have the meanings indicated.

(b) Artistic work. -- "Artistic work" means an original and creative work that:

(1) is created, written, composed, or executed; and

(2) falls into one of the following categories:

- (i) a book or other writing;
- (ii) a play or performance of a play;
- (iii) a musical composition or the performance of a musical composition;
- (iv) a painting or other picture;
- (v) a sculpture;
- (vi) traditional or fine crafts;
- (vii) the creation of a film or the acting within a film;
- (viii) the creation of a dance or the performance of a dance;
- (ix) the creation of original jewelry, clothing, or design; or
- (x) any other product generated as a result of a work listed in items (i) through (ix) of this paragraph.

This would include concerts, theatrical performances, art shows, craft shows, jewelry shows, dance competitions, comedy shows, and any other work which could fall under this rather broad definition. While sporting events are routinely held at the arena and would remain for the most part taxable, one could go so far as to argue that all future

opposed

professional wrestling events at the arena could make a case for tax exempt status (professional wrestling is a composed and rather well choreographed theatrical performance).

Fiscal Impact

Due to the flexibility of the definition of “Artistic Work,” the Finance Department estimates that the admission and amusement tax revenue from qualifying events will be between \$500,000 and \$1.2M.

Uncertainty exist over categories of future bookings which will result in varying amounts of exempt bookings. Additionally, due to the flexible nature of the definition of “Artistic Work,” the Department cautions that the lost revenue could be substantial.

Additionally, the exemption adds additional complexity and cost for the Maryland Comptroller’s Office in verifying and auditing exemptions making it likely that events that are not entitled to the exemption may apply and be given the exemption without recourse.

As a matter economic efficiency in tax policy, this bill may result in a distortion of demand among venues in the City of Baltimore. A lower ticket price will of course increase demand for the Royal Farms Arena and lower demand for other venues.

The Department of Finance opposes CCB 15-0611 given the City’s current financial situation and the loss of Admission and Amusement Tax revenue this bill represents.

CC: William Voorhees
Natawna Austin