

MEMORANDUM

TO: County Council

FROM: *MF* Michael Faden, Senior Legislative Attorney

SUBJECT: **Introduction:** Expedited Bill 16-07, Admissions and Amusement Tax – Exemption – Golf Courses

Expedited Bill 16-07, Admissions and Amusement Tax – Exemption – Golf Courses, sponsored by Councilmember Knapp, is scheduled to be introduced on June 26, 2007. A public hearing is tentatively scheduled for July 10 at 1:30 p.m.

Bill 16-07 would exempt the 2 private “daily fee” golf courses (those not part of a country club or operated by the County Revenue Authority) from the County admissions tax. For the rationale for this exemption, see the memo from the operator of Blue Mash Golf Course on ©5.

<u>This packet contains:</u>	<u>Circle #</u>
Expedited Bill 16-07	1
Legislative Request Report	4
Memo from Blue Mash	5

Expedited Bill No. 16-07
Concerning: Admissions and
Amusement Tax - Exemption -
Golf Courses
Revised: 6-19-07 Draft No. 1
Introduced: June 26, 2007
Expires: December 26, 2008
Enacted: _____
Executive: _____
Effective: October 1, 2007
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmember Knapp

AN EXPEDITED ACT to:

- (1) exempt certain private golf courses from the admissions and amusement tax; and
- (2) generally amend the law authorizing the admissions and amusement tax.

By amending

Montgomery County Code
Chapter 52, Taxation
Section 52-16A

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

LEGISLATIVE REQUEST REPORT

Bill 16-07

Admissions and Amusement Tax – Exemption – Golf Courses

DESCRIPTION: Exempts private golf courses from the County admissions and amusement tax. Golf courses operated by public entities, such as the County Revenue Authority, are already exempt under County Code §52-16A(b)(3).

PROBLEM: Patrons of private daily-fee golf courses are charged an admission tax, while patrons of public (Revenue Authority) courses do not pay the tax.

GOALS AND OBJECTIVES: To level the playing field/fairway for public and private daily-fee golf courses.

COORDINATION: Finance Department, State Comptroller

FISCAL IMPACT: To be requested.

ECONOMIC IMPACT: To be requested.

EVALUATION: To be requested.

EXPERIENCE ELSEWHERE: To be researched.

SOURCE OF INFORMATION: Michael Faden, Senior Legislative Attorney, 240-777-7905

APPLICATION WITHIN MUNICIPALITIES: Applies only to County admissions tax..

PENALTIES: Not applicable

Fair Taxation for Blue Mash Golf Course

Currently, Blue Mash Golf Course and Trotter's Glen Golf Course are the only two public golf courses in Montgomery County that are required to pay the Admissions and Amusement Tax. There are eleven other public golf courses in Montgomery County that directly compete with these two courses, and which do not pay the Admissions and Amusement Tax.

Country Clubs are not subject to the Amusement Tax on a majority of their golfing revenue. Therefore, Blue Mash is being penalized for opening its doors to the public and providing a golf course for all citizens to enjoy. If Blue Mash were to convert to a private course, its revenues would not be subject to the amusement tax. Therefore, of the twenty-eight golf courses in Montgomery County, the County is choosing to tax only two of those golf courses – not because they are privately owned, but because they are privately owned and open to the public.

Is this fair? Of course not. This is an inconsistent, unfair and random application of the tax. So why does this situation exist?

The situation exists because until recently there were no privately owned, public access golf courses in Montgomery County and so there has never been an advocate for correcting the tax legislation. Blue Mash is asking the County Council now to rectify the situation so that Blue Mash and Trotter's Glen will be exempt from the Amusement Tax along with the County's eleven other public golf courses, and fifteen private courses.

The total effect of this legislation change on the County's annual budget would be approximately \$150,000-\$160,000.

Blue Mash Golf Course is an asset to Montgomery County. It is considered an excellent golf course and reflects well on the County's image. It generates significant sales taxes as well as property taxes, creates jobs and accomplishes many of the County's recreational and economic development goals without the use of public funds and other County resources. Yet it is taxed unfairly. Blue Mash therefore asks the County Council to enact legislation that will exempt Blue Mash and Trotter's Glen from the Admissions and Amusement Tax, as is the case with every other golf course in Montgomery County.