



Show Me The Money: Or, Why Baltimore Doesn't Need \$500,000

TICKETMASTER IS NOT PAYING CITY TAXES IT OWES

Current Situation.

Venues are not paying taxes on part of service charges kicked back to them by Ticketmaster. In the Court of Appeals case, the court found that Ticketmaster was paying the Lyric a portion of the service charges collected which consumers were unaware of.

The problem is much larger than that. Ticketmaster owes the City a huge amount of taxes on service charges which it is not paying – Ticketmaster itself is obligated to pay 10% admissions and amusement tax on service charges it collects – but it is using venues like the Lyric to avoid paying its share of taxes.

Ticketmaster's contract with the Lyric broadly claims that all of Ticketmaster's amusement tax obligations are the Lyric's responsibility to pay – that the Lyric must pay **all** "amusement taxes or any other tax or fee obligation associated with the sale of tickets or related activity. Ticketmaster pays no amusement tax to the City, under the plain language of their facilities agreement – it claims it can put that responsibility on the Lyric.

However, the Lyric does not receive all of Ticketmaster's service charge revenue – and the Lyric itself may or may not be exempt from amusement tax. Ticketmaster, however, is **NOT** exempt from amusement tax on charges it receives – and it "owns" all of the service charge revenue. The amusement tax is 10% of the "gross receipts derived from any admissions and amusement charge as defined in State Tax-General Article § 4-101(b)."

Ticketmaster enters into exclusive agreements with Baltimore venues and this creates a barrier to entry for other ticket agents to compete. This monopoly with local venues permits Ticketmaster to charge whatever it wants while claiming that they do not owe Baltimore City amusement taxes. And for this, Baltimore City sees fit to give them a free pass.

WHERE IS THE TAX REVENUE? If Ticketmaster charges \$10 service charges, and sells 500,000 tickets a year to City events, it should be paying the City \$500,000 in taxes.

What Do You Think Baltimore Could Do with the Extra Revenue? Let Your City Council Members Know.