

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 471 (Carroll County Senators)
Budget and Taxation

Carroll County - Gaming

This bill authorizes the Board of License Commissioners of Carroll County to issue a permit to conduct a card game, card tournament, or casino night to a specified list of qualified organizations. An organization may receive up to four permits per year. The bill does not apply to card games conducted at a senior center as authorized by current law. A person who violates the provisions of the bill is guilty of a misdemeanor and, on conviction, subject to a fine of up to \$1,000 and/or imprisonment for up to one year.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues due to the bill's penalty provision.

Local Effect: Carroll County revenues increase minimally from collection of gaming permit licensing fees beginning in FY 2012. County administrative and law enforcement expenditures may also increase minimally beginning in FY 2012.

Small Business Effect: None.

Analysis

Bill Summary: In Carroll County, an organization must be a bona fide hospital; volunteer fire company; or a religious, fraternal, civic, war veterans', amateur athletic, or charitable organization in order to qualify for a permit. A permit is not transferable. A gaming event (which includes a card game, card tournament, or casino night including card games, dice games, and roulette) may be (1) managed and operated by members of the organization holding the permit; or (2) managed by the members of the organization holding the permit and operated by another organization eligible to receive a permit.

Proceeds from an event may be used only to benefit charity or to further the purpose of the qualified organization and may not personally benefit an individual or group of individuals. Gaming events may not last longer than 24 consecutive hours and are prohibited after 1 a.m. on a Sunday. A permit holder may not:

- exchange wagering tokens for an item of merchandise that is worth more than \$10,000; or
- exchange wagering tokens for money or an item of merchandise having a value that is different from the fair retail market value of the merchandise received for wagering tokens.

An individual that manages, operates, or participates in a gaming event must be at least 18 years old. Only a preset entrance fee for the gaming event may be charged. A participant must receive wagering tokens in exchange for the entrance fee and may purchase additional tokens at a cost not exceeding 100% of the entrance fee. Only wagering tokens, and not cash, may be used for wagering.

Permit holders must submit a specified financial report to the county sheriff's office within 60 days after holding a gaming event. The county may adopt regulations to govern the issuance of permits, establish a permit fee, and for the conduct and management of a gaming event.

A person who violates gaming event law is guilty of a misdemeanor and on conviction is subject to imprisonment not exceeding one year and/or a fine not exceeding \$1,000. Further, the violator is to be prohibited from receiving a permit for a period not exceeding five years.

Current Law: Qualified organizations may conduct gaming events in Carroll County if they receive a permit from the county commissioners. Card games, dice games, roulette, and casino nights are generally prohibited. For purposes of conducting a gaming event, qualified organizations include bona fide hospitals; volunteer fire companies; and religious, amateur athletic, fraternal, civic, war veterans', and charitable organizations. Permitted gaming events include raffles, bazaars, carnival games, and other games of entertainment. However, a senior center site council may conduct a card game in a senior center five days per week, excluding Sunday. The maximum money prize for a session of cards is \$5 and the maximum charge to participate is \$1. All money remaining after prizes are awarded must be distributed to the senior center site council.

Before a qualified organization may conduct bingo in Carroll County, the organization must obtain a permit from the county commissioners. For purposes of conducting bingo,

qualified organizations include bona fide volunteer fire companies; senior center site councils; and religious, educational, fraternal, patriotic, and charitable organizations. Bingo permit applicants are required to pay the fee set by the county, which must be set at a level sufficient to cover the costs of issuing the permit.

Generally, the maximum prize awarded at a bingo event may not exceed \$100 in value. Prizes of up to \$250 are permitted for special bingo games, such as progressive pot games, and up to \$1,000 for bingo jackpots. Under Chapter 404 of 2004, qualified organizations are permitted to hold up to 6 raffles per year where the major prize awarded is greater than \$2,500 or 10 raffles per year where the prize is less than \$2,500.

Chapter 273 of 2007 repealed a restriction that an organization must be located in Carroll County in order to conduct bingo or a gaming event in Carroll County.

Background: Each county is responsible for regulating gaming activities conducted by civic and charitable organizations. There is no statewide reporting of gaming activities by civic and charitable organizations, except for the slot machines operated on the Eastern Shore. Gaming licensees may use the proceeds of gaming activities for the benefit of their own organizations, but do not need to share them with other organizations. However, slot machine operators must use at least one-half of the proceeds from slot machines to benefit a charity.

The Maryland State Lottery Agency conducted a study of local gaming in Maryland required by Chapter 474 of 2008. The report indicates that casino events are conducted in at least 6 counties, and card games are operated in at least 10 of the 24 counties in Maryland.

State Fiscal Effect: General fund revenues may increase minimally as a result of the bill's monetary penalty provision from cases heard in the District Court.

Local Fiscal Effect: Carroll County revenues may increase minimally from license fees. Expenditures may increase in Carroll County as a result of the bill's incarceration penalty. Counties pay the full cost of incarceration for people in their facilities for the first 12 months of the sentence. Per diem operating costs for the county detention facility have averaged \$80 per inmate in recent years.

Additional Information

Prior Introductions: Similar bills were introduced in the 2010 session. HB 1108 received a favorable report from the House Ways and Means Committee and passed the

House, but received an unfavorable report from the Senate Judicial Proceedings Committee. Its cross file, SB 938, received a hearing in the Senate Judicial Proceedings Committee, but no further action was taken.

Cross File: HB 478 (Carroll County Delegation) - Ways and Means.

Information Source(s): Carroll County, Comptroller's Office, Maryland State Lottery Agency, Department of Legislative Services

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ncs/rhh

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