

Department of Legislative Services  
Maryland General Assembly  
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 315  
Budget and Taxation

(Senators Brinkley and Young)

Ways and Means

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Frederick County - Gaming Permits

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This bill repeals the limitation on the number of raffles per year that an organization in Frederick County may conduct with a maximum prize of \$5,000 or less. The bill allows the county commissioners to determine the number of raffles an organization may hold in a single year.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** To the extent that Frederick County increases the maximum number of raffles that an organization may hold in a single year and concurrently raises the permit fee, permit fee revenue may increase beginning in FY 2014.

**Small Business Effect:** None.

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Analysis

**Current Law:** In Frederick County, an eligible organization must obtain a permit before conducting a gaming event including a bazaar, carnival, raffle, tip jar, punchboard, chance book, paddle wheel, wheel of fortune, and any other gaming device.

Eligible organizations may hold in a year: (1) one gaming event in which the major prize has a value of \$5,000 or more; and (2) five raffles in which the major prize is \$5,000 or less. Except as specified for tip jars and punchboards, an individual may not benefit financially from a gaming event.

Eligible organizations include bona fide religious, fraternal, civic, war veterans', hospital, amateur athletic, patriotic, charitable, and educational organizations as well as volunteer fire, rescue, and ambulance companies and their auxiliary organizations in Frederick County.

The Frederick County Commissioners may charge a fee set by resolution for each permit and adopt regulations governing gaming event permit applications and the issuance of permits.

**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 and Gaming Control Agency conducted a study of local gaming in Maryland required by Chapter 474 of 2008 (SB 959). 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.

**Local Fiscal Effect:** Frederick County presently charges a \$55 filing fee for annual raffle permits, which permits a permit holder to conduct the maximum number of raffles allowed in a calendar year. The county advises that in calendar 2012 it issued a total of 139 raffle permits to eligible organizations, with permit revenues totaling \$7,645. If the county commissioners decide to increase the maximum number of raffles and also raise the permit fee for eligible organizations holding more than five raffles each year, then permit fee revenues may increase beginning in fiscal 2014 accordingly.

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### **Additional Information**

**Prior Introductions:** HB 494 of 2012 received a hearing in the House Ways and Means Committee, but no further action was taken. Its cross file, SB 264 of 2012, passed the Senate and received a hearing in the House Ways and Means Committee, but no further action was taken. SB 165 of 2011 received a hearing in the Senate Budget and Taxation Committee and its cross file, HB 147, received a hearing in the House Ways and Means Committee, but no further action was taken on either bill.

**Cross File:** HB 414 (Frederick County Delegation) - Ways and Means.

**Information Source(s):** Frederick County, Comptroller's Office, Maryland State Lottery and Gaming Control Agency, Department of Legislative Services

**Fiscal Note History:** First Reader - February 11, 2013  
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Analysis by: Heather N. Ruby

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510