

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 1140
Ways and Means

(Delegate Luedtke)

Local Gaming - Charitable Casino Events

This bill authorizes a qualified organization to conduct one charitable casino event that includes card games and dice games during each calendar month and one charitable casino event that includes roulette during each calendar year. A qualified organization must apply to the local gaming permits office for a permit for each charitable casino event and the State Lottery and Gaming Control Commission (SLGCC) must regulate the conduct of charitable casino events.

Fiscal Summary

State Effect: None. Authorizing SLGCC to issue licenses for casino-style games and gaming vendors does not materially affect governmental finances because the license fee covers any additional costs incurred by SLGCC.

Local Effect: Local revenues increase from the collection of charitable casino event permit licensing fees beginning in FY 2015. Admissions and amusement tax revenues minimally increase beginning in FY 2015. County administrative and law enforcement expenditures may also minimally increase beginning in FY 2015.

Small Business Effect: Minimal overall, but potential meaningful to gaming vendors that enter into contracts with qualified organizations to provide services related to charitable casino events.

Analysis

Bill Summary: A qualified organization is a bona fide religious, fraternal, civic, auxiliary or volunteer fire, veterans', charitable, or senior citizen organization.

A qualified organization may not use or operate a slot machine, an electronic instant bingo machine, an instant ticket lottery machine, or a video lottery terminal.

The bill does not limit or restrict a local gaming permits office from designating the type or types of casino-style games that may be operated in its jurisdiction or establishing additional regulatory standards for issuing permits for charitable casino events.

Members of the qualified organization sponsoring the event must manage the charitable casino event and operate the casino-style games. Qualified members may also operate casino-style games at other organizations' charitable casino events.

A person or group of individuals may not benefit financially or profit from a charitable casino event and may not receive any compensation for managing or operating casino-style games at a charitable casino event.

A qualified organization that hosts or sponsors a charitable casino event must submit specified reports to the local gaming permits office for each charitable casino event. A financial report must also be submitted to the county police department and SLGCC for review.

A qualified organization must ensure that (1) the charitable casino event abides by the rules and procedures of the local gaming permits office; (2) a parent, subsidiary, or an affiliate of the qualified organization has not conducted a charitable casino event within the calendar month; and (3) no person under the age of 21 enters a charitable casino event or plays a casino-style game.

A qualified organization must collect a set donation from each player, in exchange for tokens, to enter the charitable casino event. A player may use the tokens to play casino-style games and to bid on a noncash item in a raffle or exchange them for merchandise or a noncash prize. A qualified organization may not offer or award cash prizes, allow a player to bet more than \$10 in any one game, or exchange merchandise that was received for tokens for money or an item having a different fair retail market value.

A qualified organization may not take a rake or percentage from any game.

A qualified organization may enter into a contract with a gaming vendor to provide casino-style games for the charitable casino event under specified conditions. A gaming vendor is subject to the admissions and amusement tax in the jurisdiction in which the charitable casino event is held.

SLGCC must license gaming vendors in connection with charitable casino events. Additionally, SLGCC must regulate casino-style games and the conduct and management of charitable casino events. SLGCC must adopt regulations on specified issues regarding charitable casino events. SLGCC's application process must include criminal background checks for gaming vendor employees.

Additionally, the bill specifies that, except for charitable gaming events, a person may not play *or operate* the following games: thimbles, little joker, poker, blackjack, dice, craps, roulette, or any other gaming device or fraudulent trick. However, this does not apply to video lottery terminals (VLTs) and table games authorized at the video lottery facilities.

The Office of the Attorney General (OAG), SLGCC, the Department of State Police (DSP), local law enforcement units, and the court must construe liberally local gaming laws, in addition to State gaming laws, relating to gambling and betting to prevent prohibited activities.

Current Law: Generally, a person may not bet, wager, or gamble. A person who does so is guilty of a misdemeanor and on conviction is subject to imprisonment for between six months and a year and/or a fine of between \$200 and \$1,000. In Baltimore City, a police officer may issue a citation to a person who bets, wagers, or gambles unlawfully.

A person may not play the following games for money or any other thing or consideration of value: thimbles, little joker, dice, craps, or any other gaming device or fraudulent trick. A person who does so is guilty of a misdemeanor and on conviction is subject to imprisonment for between six months and two years and/or a fine of up to \$100.

A qualified organization in Baltimore County may conduct a casino event that includes a card game once each calendar month and a casino event that includes roulette once each calendar year. A person that holds a casino event may not allow a player to bet more than \$10 in any one game within the calendar month. A qualified organization includes a volunteer fire company, or a bona fide religious, fraternal, civic, charitable, or war veterans' organization.

Senior center site councils in Carroll County may conduct card games in the senior centers five days each week, excluding Sunday. A senior center site council may not award a prize of more than \$5 to a winner in each session and charge a participant more than \$1 to play one session.

The State of Maryland has authorized six video lottery operation licenses in Baltimore City and Allegany, Anne Arundel, Cecil, Prince George's, and

Worcester counties with a maximum number of 16,500 VLTs allotted in the State. Licensees are also authorized to have table games with approval of SLGCC.

Authorized table games are defined as:

- roulette, baccarat, blackjack, craps, big six wheel, minibaccarat, poker, pai gow poker, and sic bo – or any variation and composites of these games; and
- gaming tournaments in which players compete against one another in one or more of the games previously described.

SLGCC may determine the suitability of any composites or variations of authorized table games, as well as additional games, after an appropriate test or experimental period as determined by the commission. SLGCC may, through regulations, define and limit the method of operation, type, and number of table games. SLGCC regulations must also establish procedures for accounting for money exchanged at table games and for the removal of VLTs (including the number that may be removed) to accommodate table games.

OAG, SLGCC, DSP, local law enforcement units, and the court must construe liberally State gaming laws relating to gambling and betting to prevent prohibited activities.

Background: The Maryland State Lottery Agency conducted a study of local gaming in Maryland as 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.

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 instant ticket lottery machines and slot machines operated by certain nonprofit organizations.

State Fiscal Effect: Authorizing SLGCC to issue licenses for casino-style games and gaming vendors does not affect governmental finances because the license fee covers any additional costs incurred by SLGCC. The bill has no material impact on drawing gaming revenues away from casinos because the bill does not allow charitable casino events to award cash prizes.

Local Fiscal Effect: To the extent that permit fees are applied to charitable casino events authorized by the bill, local revenues increase. The actual increase in local revenues depends on the number of permits issued in each local jurisdiction for charitable casino events and the fee that the local jurisdiction sets for the permit. The revenue is

offset by an increase in county administrative and law enforcement expenditures. Admissions and amusement tax revenues increase minimally to the extent that gaming vendors provide services at charitable casino events.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore, Charles, Frederick, Montgomery, and Somerset counties; cities of Frederick and Havre de Grace; Comptroller's Office; Judiciary (Administrative Office of the Courts); Maryland State Lottery and Gaming Control Agency; Maryland Association of Counties; Maryland Municipal League; Department of State Police; Department of Public Safety and Correctional Services; Department of Legislative Services

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