

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 1231 (Delegate Stukes)
Ways and Means

Baltimore City - Charitable Gaming Events - Nonprofit Organizations

This bill authorizes the Baltimore City Police Commissioner to issue a permit to a nonprofit organization to hold a charitable gaming event, which includes a card game, a dice game, and roulette, in Baltimore City. Before issuing a permit, the Baltimore City Police Department must ascertain that the organization meets specified requirements. A nonprofit organization may not conduct more than three charitable gaming events per year.

Fiscal Summary

State Effect: None. While the bill may draw some gaming revenues away from casinos, the impact is small enough that State finances are not affected.

Local Effect: Baltimore City fee revenues increase if regulations adopted under the bill specify a fee or a set of fees. The Baltimore City Police Department can issue permits using existing resources.

Small Business Effect: None.

Analysis

Bill Summary: A nonprofit organization is a Baltimore City religious, fraternal, civic, charitable, or an amateur youth athletic organization or a veterans' hospital.

A permit holder may not allow an individual or group of individuals to benefit from the gaming event or its proceeds, except the permit holder may pay the cost of goods and other services essential to the operation of the charitable gaming event.

Within 60 days after holding the event, the nonprofit organization must submit a report listing the receipts and expenses for the event to the Baltimore City Police Department and the State Comptroller to determine the amount of the admissions and amusement tax that is due. A money prize of over \$500, or merchandise of more than \$1,000, may not be awarded to a player of a card game, dice game, or roulette.

A person who attempts to conduct a charitable gaming event in violation of the bill's provisions is guilty of a misdemeanor and on conviction is subject to a maximum of one year in prison and/or a maximum fine of \$1,000.

The Baltimore City Police Department must adopt regulations for issuance of a permit for, and the conduct and management of, a charitable gaming event.

Current Law: In Baltimore City, qualified organizations may conduct gaming events (*i.e.*, a carnival, bazaar, or raffle) for the benefit of a religious, fraternal, civic, or charitable organization; a veteran's hospital; or an amateur youth athletic organization. An organization conducting a gaming event must be located in Baltimore City and spend a majority of the organization's funds in Baltimore City for specified purposes (*e.g.*, fraternal or charitable purposes). There is no limit on the amount of merchandise or prize money that may be awarded at a gaming event. A permit holder may conduct no more than 12 raffles per year.

An individual or group of individuals may not benefit financially from the event and the event must be personally managed by the members of the organization. An organization must obtain a permit from the Baltimore City Police Department before operating a gaming event.

In Baltimore City, bingo and the awarding of prizes at political fundraisers are also authorized under specified conditions.

Admissions and Amusement Tax

All counties, except Caroline and Frederick counties, and most municipalities impose a local admissions and amusement tax. Each unit of local government sets its own single tax rate or range of rates. This rate is expressed as a percentage of gross receipts, up to a maximum rate of 10%. In fiscal 2014, the Baltimore City admissions and amusement tax rate is 10%.

However, there are several limitations on the authorization of counties and municipalities to impose the admissions and amusement tax. Among these limitations, counties and municipalities may not impose the admissions and amusement tax on gross receipts derived

from any charge for admission or for merchandise, refreshments, or a service, if the gross receipts are used exclusively for a charitable, educational, or religious purpose.

Video Lottery Terminals and Table Games

The General Assembly 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 video lottery terminals (VLT) allotted in the State. Licensees are also authorized to operate table games in the facilities with the approval of the State Lottery and Gaming Control Commission. Penn Cecil in Cecil County, Ocean Downs in Worcester County, Evitts Resort in Allegany County, and Maryland Live in Anne Arundel County are open to the public, while a VLT facility in Baltimore City is scheduled to open in September 2014. The Video Lottery Facility Location Commission awarded a video lottery operation license to MGM National Harbor, LLC for a facility in Prince George's County, which is expected to open in fiscal 2017.

Local Fiscal Effect: To the extent that permit fees are applied to charitable gaming events authorized by the bill, Baltimore City revenues increase. The proceeds from a charitable gaming event authorized by the bill go to nonprofit organizations, so Baltimore City does not expect any local admissions and amusement tax revenue from gaming events authorized by the bill. Baltimore City revenues may increase by a minimal amount from alcohol, food and beverage, and hotel occupancy taxes as a result of individuals attending charitable gaming events.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City, Maryland State Lottery and Gaming Control Agency, Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2014
mm/jrb

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