

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 978
Ways and Means

(Prince George's County Delegation)

Prince George's County - Gaming - Charity Chips
PG 307-14

This bill authorizes volunteer fire departments and other specified qualified organizations in Prince George's County to conduct poker card game events that are open to the public if issued a permit by the Prince George's County Department of Environmental Resources.

The bill takes effect July 1, 2014, and the department may begin to issue permits for poker events on July 15, 2014.

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: Under one set of assumptions, Prince George's County license and permit revenues increase by approximately \$234,000 annually beginning in FY 2015. However, administrative, oversight, and enforcement expenses likely offset the revenue.

Small Business Effect: None.

Analysis

Bill Summary: Only a volunteer fire department or a nonprofit organization that promotes the arts and preserves the culture and that has operated in the county for at least 10 years since its incorporation is considered qualified to apply for a permit to hold a

poker event. The bill limits such events to no more than one poker event per month, on a Friday or Saturday, for each organization with a permit.

A permit application must include a list of persons participating in the management or operation of the poker event, a copy of the applicant's most recent IRS form 990, and an authorization by an official of the applicant to allow a specified examination of IRS records over the prior three years. An applicant must also apply for a State and national criminal history records check for each individual participating in the management or operation of a poker event, including submitting fingerprints and paying associated fees. Any information obtained must be kept confidential and only used for the granting of a permit. The bill details the circumstances under which the department may deny a permit to an applicant or revoke a permit.

An individual who is not a member of the qualified organization that holds a poker event may volunteer at the poker event if the individual is a member of a similar organization and is directly supervised by a member of the qualified organization. A worker participating in the management, operation, or conduct of a poker event must have government-issued photographic identification in his or her possession during the event, and the worker may not participate as a player in the poker event.

An individual may be paid a reasonable fee to prepare quarterly and annual financial reports as long as the individual is not a member of the organization that participates in the management, operation, or conduct of a poker event.

A permit holder must maintain a separate poker event bank account and deposit all receipts from poker events to that account within the second business day following each event. The bill further details obligations of permit holders relating to operations, the separate bank accounts, quarterly and annual reports of receipts and disbursements, allowable uses of poker event proceeds, prohibited uses of proceeds, and maintenance of records. A permit holder that fails to file a required report and is not granted an extension must be charged \$25 per day from the due date until the required report is filed. A permit holder must maintain details of the disbursement of poker event proceeds for at least three years and make the information available to the Prince George's County Department of Environmental Resources.

The Prince George's County Department of Environmental Resources is required to adopt implementing regulations. A permit is valid for six months and may be renewed. No more than 30 permits may be active at any time. A lottery must be held if more than 30 applications are received.

Current Law: In Prince George's County, casino night events are prohibited. However, a qualified organization may hold a benefit performance, which may include (among

other nongaming activities, such as a lecture) a carnival, a card party, a bingo party, or a contest. A qualified organization is a group of citizens of the county or a company, association, or corporation that is organized in good faith in the county to promote the purposes of a volunteer fire department or of a charitable, benevolent, patriotic, fraternal, educational, religious, or civic object. Proceeds from the benefit performance must benefit the qualified organization, be used for the purposes of the organization, and may not benefit the private gain of a member of the organization.

Prince George's County Code does not list poker events among the types of benefit performances (which include charitable events) that may be conducted or operated; county code limits gaming events that may be permitted to those listed, as well as bingo and raffles. In addition to being a qualified organization, to be eligible for a charitable gaming event, an applicant must have been located in, and active in, the county for at least two years. The Gaming Permit Review Board is responsible for approving applications for charitable gaming event permits. Board decisions may be appealed to the county board of appeals.

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

On December 20, 2013, the Video Lottery Facility Location Commission awarded a video lottery operation license to MGM National Harbor, LLC for a facility with 3,600 VLTs and 140 table games in Prince George's County. The facility is expected to open in fiscal 2017.

There are 38 volunteer fire and rescue corporations that staff 46 stations in Prince George's County.

Local Fiscal Effect: The increase in Prince George's County revenues depends on the number of permits issued under the bill and the fee for these permits. Prince George's County currently sets the fee for a charitable gaming event at \$150 for each event and \$50 per month for each mechanical device that is operated on the premises of a permit holder. If Prince George's County issues the maximum of 30 permits and each permit holder has 10 poker tables per event, revenues increase by \$234,000 annually, assuming the poker event permit fees are comparable to charitable gaming event permit fees. The county anticipates that administrative, oversight, and enforcement expenses will likely offset the revenue.

Additionally, when a casino opens in Prince George's County, no earlier than July 1, 2016, or 30 months after the Baltimore facility opens to the public, revenues may fall short of projections due to increase gaming competition.

Additional Information

Prior Introductions: A similar bill, HB 1083 of 2013, received a hearing in the House Ways and Means Committee, but no further action was taken.

Cross File: None.

Information Source(s): Maryland State Lottery and Gaming Control Agency, Prince George's County, Department of Legislative Services

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ncs/jrb

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