

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 702 (Prince George's County Delegation)
Judiciary

Prince George's County Charity Gaming Regulatory Act of 1997
PG 310-97

This bill extends the sunset on casino night gaming in Prince George's County from July 1, 1997 to July 1, 1999. It also allows Prince George's County to adopt, by ordinance, limits on the amount of gratuities a volunteer may receive from a casino night and other provisions regarding the issuance, suspension, revocation, and rights of appeal of worker licenses. Any gratuities in excess of any adopted limits must be used by the charitable gaming sponsor for its charitable purposes only. The operator of a casino night may require volunteers to pool and share gratuities received.

The bill also changes the date from July 1 to October 1 of each year when an operator of a casino night must report the total gross receipts and total expenses from gaming activities during the period between July 1 of the previous year to June 30 of the current year.

The bill increases the criminal penalties for violations of laws or ordinances pertaining to casino nights from a \$5,000 to a \$10,000 fine and from three years to ten years imprisonment.

The bill is effective June 1, 1997.

Fiscal Summary

State Effect: Potential minimal increase in revenues and expenditures as a result of the bill's penalty provisions.

Local Effect: Revenues from and expenditures for casino night gaming would continue in FY 1998 and 1999 as discussed below. There is also the potential for a minimal increase in revenues and expenditures as a result of the bill's penalty provisions.

Small Business Effect: None. The majority of casino night operators are volunteer fire

departments and boys and girls clubs. Therefore, small businesses would not be directly affected.

Fiscal Analysis

State Revenues: General fund revenues could increase by an indeterminate amount under the bill's monetary penalty provisions for those cases heard in the District Court. In fiscal 1996, the District Court reports there were no violations for this provision.

State Expenditures: General fund expenditures could increase as a result of the bill's incarceration penalty due to more people being committed to a Division of Correction (DOC) facility and increased payments to Prince George's County for reimbursement of inmate costs depending on the number of convictions and sentences imposed.

Persons serving a sentence longer than one year are incarcerated in a DOC facility. In fiscal 1998 the average monthly cost per inmate is estimated at \$1,500. Persons serving a sentence of one year or less are sentenced to a local detention facility. The State reimburses counties for part of their per diem rate after a person has served 90 days. The State per diem reimbursement in Prince George's County for fiscal 1998 is estimated to be \$30 per inmate.

Local Effect: Prince George's County levies a 20% gross receipts tax on casino operations. In fiscal 1996, approximately \$4.5 million was collected in taxes meaning an estimated \$22.5 million in revenue was generated from casino night activities. The same amount is projected to be collected in fiscal 1997. This legislation would allow the county to continue to receive those tax revenues in fiscal 1998 and 1999.

Prince George's County has budgeted \$1,137,628 in fiscal 1997 to cover the administrative costs of regulating casino nights by the Sheriff's Office. The funds are partially recouped by fees imposed on the entities conducting the casino nights. These expenditures, and the related fee revenues, would be maintained in fiscal 1998 and 1999 pursuant to this bill.

Revenues could increase under the bill's monetary penalty provisions for those cases heard in the circuit courts. Expenditures could increase by an indeterminate amount under the bill's incarceration penalty. Counties pay the full cost of incarceration for persons in their facilities for the first 90 days of the sentence, plus part of the per diem cost after 90 days. Per diem operating costs of the Prince George's County local detention facility are expected to be \$56 per inmate in fiscal 1998.

Information Source(s): Prince George's County, Judiciary (District Court of Maryland), Department of Fiscal Services

Fiscal Note History: First Reader - February 25, 1997

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