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By: **Allegany County Delegation**

Introduced and read first time: February 14, 2003  
Assigned to: Rules and Executive Nominations  
Re-referred to: Ways and Means, February 27, 2003

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 21, 2003

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Allegany County - Paper Gaming - Regulation**

3 FOR the purpose of establishing in Allegany County a licensing procedure for certain  
4 profit businesses and qualified organizations to engage in paper gaming and for  
5 persons to sell paper gaming devices to paper gaming licensees; establishing  
6 certain licensing requirements; exempting certain organizations from a certain  
7 licensing requirement; requiring the Board of ~~License~~ County Commissioners to  
8 set certain annual fees under certain circumstances; requiring wholesale vendor  
9 licensees to report certain information at certain times to the Board of ~~License~~  
10 ~~Commissioners~~; requiring certain retail alcoholic beverages licensees to obtain  
11 and display certain stamps; requiring the Board of ~~License Commissioners~~ to  
12 ensure that a certain procedure regarding the sale of paper gaming devices is  
13 followed; authorizing the Board to adopt certain rules and regulations;  
14 authorizing the Board to hire certain inspectors and authorize the inspectors to  
15 enter certain premises to ensure compliance with certain laws, rules, and  
16 regulations; authorizing the Board to adopt an ordinance or resolution declaring  
17 a certain violation to be a certain civil infraction or a misdemeanor punishable  
18 by a certain term of imprisonment or fine or both; authorizing the Board of  
19 ~~License Commissioners~~ to suspend or revoke certain licenses under certain  
20 circumstances; authorizing the Board of ~~County Commissioners~~ to impose  
21 certain taxes; establishing a Special Gaming Fund; specifying the nature, use,  
22 and contents of the Fund; requiring that the Board of ~~County Commissioners~~  
23 annually make certain payments and allocations from the Fund; defining  
24 certain terms; and generally relating to paper gaming in Allegany County.

25 BY repealing and reenacting, without amendments,  
26 Article - Criminal Law

1 Section 13-201(a) and (c) and 13-301  
2 Annotated Code of Maryland  
3 (2002 Volume)

4 BY adding to  
5 Article - Criminal Law  
6 Section 13-302  
7 Annotated Code of Maryland  
8 (2002 Volume)

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
10 MARYLAND, That the Laws of Maryland read as follows:

11 **Article - Criminal Law**

12 13-201.

13 (a) In this subtitle the following words have the meanings indicated.

14 (c) "Qualified organization" means:

15 (1) a volunteer fire company; or

16 (2) a bona fide:

17 (i) religious organization;

18 (ii) fraternal organization;

19 (iii) civic organization;

20 (iv) war veterans' organization; or

21 (v) charitable organization.

22 13-301.

23 Subtitle 2 of this title applies in Allegany County.

24 13-302.

25 (A) (1) IN THIS SECTION, "PAPER GAMING" MEANS A GAME OF CHANCE IN  
26 WHICH:

27 (I) PRIZES ARE AWARDED; AND

28 (II) THE DEVICES USED TO PLAY THE GAME ARE CONSTRUCTED  
29 OUT OF PAPER OR CARDBOARD.

30 (2) "PAPER GAMING" INCLUDES TIP JAR AND PUNCHBOARD GAMING.

1 (3) "PAPER GAMING" DOES NOT INCLUDE BINGO.

2 (B) THIS SECTION APPLIES ONLY IN ALLEGANY COUNTY.

3 (C) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, A  
4 PERSON THAT IS A FOR PROFIT BUSINESS OR QUALIFIED ORGANIZATION MAY  
5 ENGAGE IN PAPER GAMING IF THE PERSON OBTAINS A PAPER GAMING LICENSE  
6 THAT IS ISSUED BY ~~THE BOARD OF LICENSE COMMISSIONERS WITH THE APPROVAL~~  
7 ~~OF THE BOARD OF COUNTY COMMISSIONERS.~~

8 (2) IF THE PERSON IS A FOR PROFIT BUSINESS, THE PERSON SHALL  
9 ALSO HOLD A CLASS A, C, OR D RETAIL ALCOHOLIC BEVERAGES LICENSE ALLOWING  
10 ON-PREMISES CONSUMPTION.

11 (3) QUALIFIED ORGANIZATIONS THAT DO NOT HAVE AN ALCOHOLIC  
12 BEVERAGES LICENSE AND FIRE AND RESCUE DEPARTMENTS MAY ENGAGE IN PAPER  
13 GAMING WITHOUT OBTAINING A PAPER GAMING LICENSE.

14 (D) A PERSON MAY SELL PAPER GAMING DEVICES TO A PAPER GAMING  
15 LICENSEE IF THE PERSON OBTAINS A WHOLESALE VENDOR'S LICENSE ISSUED BY  
16 ~~THE BOARD OF LICENSE COMMISSIONERS WITH THE APPROVAL OF THE BOARD OF~~  
17 COUNTY COMMISSIONERS.

18 (E) THE BOARD OF LICENSE COUNTY COMMISSIONERS SHALL SET ANNUAL  
19 FEES FOR A PAPER GAMING LICENSE AND A WHOLESALE VENDOR'S LICENSE.

20 (F) QUARTERLY, WHOLESALE VENDOR LICENSEES SHALL PROVIDE A LIST TO  
21 THE BOARD OF LICENSE COUNTY COMMISSIONERS OF ALL CUSTOMERS TO WHOM  
22 THEY SELL PAPER GAMING PRODUCTS AND THE TOTAL NUMBER OF PRODUCTS SOLD  
23 TO EACH CUSTOMER.

24 (G) A RETAIL ALCOHOLIC BEVERAGES LICENSEE WHO HOLDS A PAPER  
25 GAMING LICENSE SHALL OBTAIN WITHOUT CHARGE FROM THE BOARD OF ~~LICENSE~~  
26 COUNTY COMMISSIONERS A STAMP TO BE DISPLAYED WITH THE ALCOHOLIC  
27 BEVERAGES LICENSE.

28 (H) THE BOARD OF LICENSE COUNTY COMMISSIONERS SHALL ENSURE THAT  
29 EACH RETAIL ALCOHOLIC BEVERAGES LICENSEE WHO HOLDS A PAPER GAMING  
30 LICENSE SELLS TO THE PUBLIC THE SAME SERIAL-NUMBERED PAPER GAMING  
31 DEVICES THAT ARE LISTED ON THE BILL OF SALE FROM THE WHOLESALE VENDOR  
32 LICENSEE.

33 ~~(I) AFTER A HEARING, IF THE BOARD OF LICENSE COMMISSIONERS FINDS~~  
34 ~~THAT A PAPER GAMING LICENSEE, A WHOLESALE VENDOR LICENSEE, OR AN AGENT~~  
35 ~~OF A LICENSEE HAS VIOLATED THIS SECTION, THE BOARD OF LICENSE~~  
36 ~~COMMISSIONERS MAY REVOKE OR SUSPEND THE LICENSE.~~

37 ~~(J)~~ (I) THE BOARD OF COUNTY COMMISSIONERS MAY IMPOSE THE  
38 FOLLOWING PAPER GAMING TAXES:

1 (1) ON LICENSEES THAT ARE QUALIFIED ORGANIZATIONS, 10% OF  
2 GROSS PROFITS MINUS THE COSTS OF PAPER GAMING PRODUCTS; AND

3 (2) ON LICENSEES THAT ARE FOR PROFIT BUSINESSES, 40% OF GROSS  
4 PROFITS MINUS THE COSTS OF PAPER GAMING PRODUCTS.

5 ~~(K)~~ (J) (1) IN THIS SUBSECTION, "FUND" MEANS THE SPECIAL GAMING  
6 FUND.

7 (2) THE BOARD OF COUNTY COMMISSIONERS MAY ESTABLISH A  
8 SPECIAL GAMING FUND.

9 (3) THE FUND IS A SPECIAL CONTINUING, NONLAPSING FUND.

10 (4) THE FUND MAY BE USED ONLY TO BENEFIT FIRE AND RESCUE  
11 DEPARTMENTS AND TO PAY FOR SPECIFIED SCHOOL COSTS.

12 (5) (I) THE FUND CONSISTS OF:

13 1. REVENUE DERIVED FROM THE TAXATION OF GROSS  
14 PROFITS FROM TIP JAR SALES; AND

15 2. SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,  
16 MONEY RECEIVED FROM OTHER SOURCES.

17 (II) MONEY FROM THE GENERAL FUND OF THE STATE OR COUNTY,  
18 INCLUDING ANY FEDERAL MONEY, MAY NOT BE TRANSFERRED BY BUDGET  
19 AMENDMENT OR OTHERWISE TO THE FUND.

20 (6) THE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME  
21 MANNER AS OTHER COUNTY FUNDS.

22 (7) ANNUALLY THE BOARD OF COUNTY COMMISSIONERS SHALL:

23 (I) PAY FROM THE FUND ALL ADMINISTRATIVE COSTS OF  
24 CARRYING OUT THIS SECTION, INCLUDING THE HIRING OF ADDITIONAL NECESSARY  
25 PERSONNEL; AND

26 (II) ALLOCATE THE REMAINING MONEY IN THE FUND AS FOLLOWS:

27 1. AT LEAST 25% BUT NOT MORE THAN 35% TO FIRE AND  
28 RESCUE DEPARTMENTS; AND

29 2. THE BALANCE TO PAY FOR SCHOOL CONSTRUCTION,  
30 SCHOOL SUPPLIES, AND OTHER NONMAINTENANCE OF EFFORT COSTS.

31 (K) THE BOARD OF COUNTY COMMISSIONERS MAY ADOPT RULES AND  
32 REGULATIONS TO ADMINISTER AND ENFORCE THIS SECTION.

33 (L) THE BOARD OF COUNTY COMMISSIONERS MAY:

1           (1)     HIRE ONE OR MORE INSPECTORS; AND

2           (2)     AUTHORIZE EACH INSPECTOR TO ENTER THE PREMISES OF A  
3 LICENSEE TO ENSURE COMPLIANCE WITH THIS SECTION OR A RULE OR REGULATION  
4 ADOPTED UNDER THIS SECTION.

5     (M)     THE BOARD OF COUNTY COMMISSIONERS MAY ADOPT AN ORDINANCE OR  
6 RESOLUTION DECLARING THAT A VIOLATION OF THIS SECTION OR A RULE OR  
7 REGULATION ADOPTED UNDER THIS SECTION IS:

8           (1)     A CIVIL INFRACTION UNDER ARTICLE 25B, § 13C OF THE CODE; OR

9           (2)     A MISDEMEANOR PUNISHABLE BY A TERM OF IMPRISONMENT NOT  
10 EXCEEDING 30 DAYS OR A FINE NOT EXCEEDING \$1,000 OR BOTH.

11     (N)     AFTER A HEARING, IF THE BOARD OF COUNTY COMMISSIONERS OR A  
12 DESIGNEE OF THE BOARD FINDS THAT A PAPER GAMING LICENSEE, A WHOLESALE  
13 VENDOR LICENSEE, OR AN AGENT OF A LICENSEE HAS VIOLATED THIS SECTION OR A  
14 RULE OR REGULATION ADOPTED UNDER THIS SECTION, THE BOARD MAY SUSPEND  
15 OR REVOKE THE LICENSE IN ADDITION TO ANY FINE OR PENALTY IMPOSED UNDER  
16 SUBSECTION (M) OF THIS SECTION.

17     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 July 1, 2003.