

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 815 (Delegate Owings) (By Request)
Ways and Means

Veterans' Gaming - Slot Machines - Ownership and Operation

This bill repeals the geographical limitation on where slot machines may be located and changes the “eligible organizations” that may own and operate slot machines. The definition of eligible organization is changed to mean a congressionally chartered veterans’ service organization that has been located in the State for at least five years. The provisions of current law regarding licensing and administrative procedures continue to apply.

Fiscal Summary

State Effect: None. The bill would not directly affect State operations or finances.

Local Effect: Potential minimal revenue increase to the extent that congressionally chartered veterans’ service organizations in counties not currently authorized to operate slot machines pay the \$50 license fee. Potential minimal revenue decrease to the extent that fewer licenses are issued in counties that currently have slot machines.

Small Business Effect: None.

Analysis

Current Law: An eligible organization is a nonprofit organization that is a bona fide fraternal organization, religious organization, or war veterans’ organization that has been located in Caroline County, Cecil County, Dorchester County, Kent County, Queen Anne’s County, Somerset County, Talbot County, and Wicomico County for at least five years.

An eligible organization may own and operate a slot machine if the eligible organization obtains a license for each slot machine, owns each slot machine, owns not more than five

slot machines, locates and operates its slot machines at its principal meeting hall in the county, does not locate or operate its slot machines in a private commercial facility; and uses at least one-half of the proceeds from its slot machines for the benefit of a charity, and the remainder to further the purposes of the eligible organization. The proceeds may not be used for the financial benefit of an individual. Each organization is required to report the income of each slot machine and the disposition of the income from each slot machine, annually to the Comptroller.

An eligible organization may not use or operate a slot machine unless: the slot machine is equipped with a tamperproof meter or counter that accurately records gross receipts; and accurate records of the gross receipts and payoffs of the slot machine are kept.

Each county is required to charge an annual fee of \$50 for each license for a machine and issue a license sticker to the applicant. The proceeds of the annual fee are distributed to the general fund of the county.

Background: Slot machines were authorized for use across the State from 1937 through 1939. Legislation to authorize slot machines in Southern Maryland was passed in the 1940s. By the early 1960s, the only legal slot machines in the United States, outside of Nevada, were located in Calvert, Charles, St. Mary's, and Anne Arundel counties. Legislation passed in 1966 prohibiting slot machines as of July 1, 1968.

In 1987 legislation was enacted that authorized the operation of slot machines by nonprofit organizations in all Eastern Shore counties, except Worcester.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Garrett County, Department of State Police, Department of Legislative Services

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