

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 778

(Senator Munson, *et al.*)

Judicial Proceedings

Washington County - Tip Jar Gaming - Licenses

This bill makes several changes regarding tip jar gaming in Washington County. The bill: (1) clarifies that in order to wholesale for profit tip jar packets a license must be obtained; (2) restricts tip jar wholesalers other than volunteer rescue and fire companies from owning, being immediately related, or having an interest in the entity that owns a tip jar license; and (3) eliminates the restriction that the gross profits of a tip jar operated by certain establishments with alcoholic beverage licenses and holders of Class A beer, wine, and liquor licenses cannot exceed more than \$250. In addition, the bill also requires the Washington County Gaming Commission to report annually to the Comptroller on the amount of revenue received and distributed by the commission.

The bill takes effect June 1, 2004.

Fiscal Summary

State Effect: None. The bill affects local government operations only.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: In order to operate a tip jar in Washington County, a tip jar license must be obtained. The following qualifying organizations are eligible for a license: a religious, civic, fraternal, veterans', charitable, or certain sportsmen's organization, a volunteer fire or rescue company, a holder of a Class A beer, wine, and liquor license, or

a tavern or bar with a alcoholic beverages license. A license may not obtained if the applicant owes State, local, or municipal taxes or has been convicted of a felony or misdemeanor involving a violation of a gaming law in the State. Except for volunteer fire and rescue companies, a tip jar licensee cannot hold both a tip jar license and wholesaler's license.

The gross profits of a tip jar operated by taverns and restaurants with alcoholic beverage licenses and holders of Class A beer, wine, and liquor licenses cannot exceed more than \$250. The gross proceeds from tip jars operated by these organizations must be deposited in a financial institution designated by the Washington County Gaming Commission. These organizations may retain 50% of the profits from each tip jar game. The commission distributes half of the remaining funds to the Washington County Volunteer Fire and Rescue Association and the other half to charitable organizations, with the maximum contribution to one organization not to exceed \$50,000.

Tip jar operators other than the ones described in the previous paragraph must deposit 15% of the gross profits of tip jars in a financial institution designated by the Washington County Gaming Commission. The commission distributes half of these funds to the Washington County Volunteer Fire and Rescue Association and the other half to charitable organizations, with the maximum contribution to one organization not to exceed \$50,000.

The gaming commission is not required to report to the Comptroller. The gaming commission is, however, required to report to the Washington County delegation twice a year on how the recipients of tip jar funds distributed by the commission have been affected by the regulations regarding the distribution of tip jar funds.

Additional Information

Prior Introductions: None.

Cross File: HB 1022 (Washington County Delegation) – Ways and Means.

Information Source(s): Washington County, Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2004
ncs/jr

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