

**Department of Legislative Services
Maryland General Assembly
2005 Session**

FISCAL AND POLICY NOTE

House Bill 1114
Ways and Means

(Prince George's County Delegation)

**Prince George's County - Charitable Gaming Events – Authorized
PG 342-05**

This bill repeals the prohibition against conducting charitable gaming nights in Prince George's County.

The bill takes effect June 1, 2005.

Fiscal Summary

State Effect: None. The bill would affect local government operations only.

Local Effect: The amount of any revenue or expenditure increase depends on the number of organizations that apply for gaming permits and the proceeds generated from these events. Enforcement costs are to be paid by permittees. Expenditures for education purposes depend on proceeds from gaming events. The bill's penalty provisions are not expected to have a significant effect on local finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary: The Prince George's County Department of Environmental Resources is authorized to issue a permit for a charitable gaming event to an applicant that meets specified requirements. These requirements include that the organization be (1) located and active within the county for at least two years prior to a gaming application; and (2) a bona fide charitable association or organization that promotes a volunteer or professional

fire department or a benevolent patriotic, fraternal, educational, or religious objective. The Prince George's County Council is authorized to impose a tax to be used for public education purposes of up to 20% of the gross proceeds of charitable gaming events.

The bill provides for the application process, establishes a \$150 permit fee for each charitable gaming event, and limits the number of permits that may be authorized to 21, and the number of gaming events that may be held by any one permittee is limited to one per month. Net proceeds generated from charitable gaming conducted by fire departments can only be used for the purchase of fire fighting equipment. Net proceeds generated from all other qualified organizations can only be distributed to charities or as community grants.

The Prince George's County Sheriff will enforce the operation of all gaming events, and the cost of enforcement (\$28 per hour per each gaming event) must be paid by each permittee. Although a person may not receive compensation from the gross proceeds of a charity gaming event, the sponsor may pool tips and gratuities from gaming patrons and distribute the proceeds to workers. Also, the bill provides for civil and criminal penalties for violations of the bill.

Current Law: Charitable gaming events are prohibited in Prince George's County.

Background: Authorization for casino nights in Prince George's County terminated on May 25, 1997. From 1995 to 1997, Prince George's County levied a tax of up to 20% on the gross proceeds of charitable gaming events in the county.

Local Fiscal Effect: Local government revenues and expenditures in Prince George's County could increase by an indeterminate amount. The amount of any revenue or expenditure increase depends on the number of organizations that apply for gaming permits and the proceeds generated from these events. Enforcement costs are to be paid by permittees to the Sheriff's Office. Increased education expenditures depend on the proceeds of gaming events.

Prince George's County collected \$4.5 million in fiscal 1996 and \$3.8 million in fiscal 1997 from the tax on gaming night proceeds. The county Sheriff's Office regulated casino nights through the Casino Enforcement Bureau. The bureau had a budget of approximately \$761,000 in fiscal 1997, which included 17 full-time positions.

Additional Information

Prior Introductions: Similar bills were introduced in the 2004, 2003, and 1998 sessions. HB 583 of 2004 and HB 452 of 2003 passed the House but were not reported from the Judicial Proceedings Committee. HB 759 of 1998 passed the House but received an unfavorable report from the Judicial Proceedings Committee.

Cross File: None.

Information Source(s): Department of Legislative Services

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mll/hlb

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