

Department of Legislative Services  
Maryland General Assembly  
2005 Session

**FISCAL AND POLICY NOTE**

Senate Bill 897 (Senator Klausmeier)  
Budget and Taxation

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**Gaming - Slot Machines - Ownership and Operation by Eligible Organizations**

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This bill repeals the geographical limitation on where slot machines may be owned and operated by eligible organizations. The provisions of current law regarding licensing and administrative procedures continue to apply.

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**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 eligible organizations in counties not currently authorized to operate slot machines pay the \$50 license fee.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** In 1987, legislation authorized certain nonprofit organizations to operate slot machines in the following counties: Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, and Wicomico. The nonprofit organization must be located in the county for at least five years prior to the application for a license and must be a fraternal, religious, or war veterans' organization. In order to operate a slot machine, the organization must obtain a license from the sheriff's office and pay a fee of \$50 per machine annually to the applicable county.

An organization may not own more than five slot machines and must own each slot machine in operation. The slot machines must be located at the principal meeting hall of

the organization and cannot be operated at a private commercial facility. The slot machine must be equipped with a tamperproof meter or counter that accurately records gross receipts.

One-half of the proceeds generated from slot machines must go to charity. The remainder of the proceeds must go to the organization. An individual cannot benefit financially from the proceeds. The organization must keep accurate records of gross receipts and payouts from slot machines and must report annually under affidavit to the Comptroller's Office the disposition of these proceeds. The Comptroller's Office, however, does not have authority to audit these reports.

**Background:** In fiscal 2003, 33 Eastern Shore nonprofit organizations operated slot machines. These organizations donated approximately \$2 million to charity. Unaudited reports with complete data were available for 31 of the organizations. These 31 organizations operated 154 machines; the total amount bet was approximately \$30.6 million, 89% of which was returned to gamblers. Of the net proceeds of approximately \$3.6 million, \$1.9 million (52%) was disbursed to charity.

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### **Additional Information**

**Prior Introductions:** HB 742 of 2004, an identical bill, and HB 815 of 2003, a similar bill, were not reported from the House Ways and Means Committee.

**Cross File:** None although HB 1456 is identical.

**Information Source(s):** Comptroller's Office, Department of Legislative Services

**Fiscal Note History:** First Reader - March 22, 2005  
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