

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1411
Ways and Means

(Delegate Franchot, *et al.*)

Illegal Gaming Enforcement Act of 2006

This bill requires the Comptroller to report annually on the prevalence of illegal slot machines in the State, efforts to eliminate illegal slot machines, and collected and uncollected revenue from slot machine use. It also requires the Comptroller to study illegal slot machine gambling in other states and to report the study's findings to the General Assembly by December 1, 2006.

Fiscal Summary

State Effect: None. The Comptroller's Office can implement the bill's provisions with existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: On or before December 31 of each year, the Comptroller must submit a report to the General Assembly covering the most recently completed fiscal year regarding:

- efforts the Comptroller has taken to eliminate illegal slot machines;
- audits conducted of companies that sell, lease, lend, or otherwise transfer slot machines;

- lost State revenue from uncollected tax revenue due to unreported business income from slot machines;
- county licensing of slot machines; and
- a plan to collect uncollected tax revenue and enforce State law regarding the illegal operation of slot machines.

The bill further requires the Comptroller to study the operation of illegal slot machines in other states and the efforts those states are making to address the problem. A report on the study's findings is due to the General Assembly no later than December 1, 2006.

The bill includes video gaming devices that issue payouts in its definition of slot machines.

Current Law: Slot machines are legal in eight Maryland counties, but only if they are operated by nonprofit fraternal, religious, or war veterans' organizations that have been located in the county for at least five years. The eight counties are Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, and Wicomico.

Slot machine operators must obtain licenses from the county sheriff, which cost \$50 per license. Operators may not own or operate more than five slot machines and must locate the slot machines in their principal meeting halls. Half of the proceeds from slot machines must be used for the benefit of a charity and the other half to further the purposes of the organization that owns and operates the slot machines. None of the proceeds may be used to financially benefit an individual.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Washington County, Montgomery County, Prince George's County, Kent County, Worcester County, Comptroller's Office, Department of Legislative Services

Fiscal Note History: First Reader - March 12, 2006
ncs/rhh

Analysis by: Michael C. Rubenstein

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

