

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1325
Ways and Means

(Delegate Hixson, *et al.*)

Charitable Gaming - Regulation - County Gaming Commissions

This bill requires each county, including Baltimore City, to establish a gaming commission to regulate charitable gaming in the jurisdiction. Each gaming commission will consist of seven county residents appointed by the county executive or highest executive authority; commissioners will serve three-year terms. Each commission will be responsible for regulating all aspects of charitable gaming in the county, including selecting the types of games played, issuing or denying licenses, imposing fees, and submitting reports. The Secretary of State is responsible for adopting regulations to carry out the bill's provisions.

Uncodified language provides that any government entity or official who has been part of regulating charitable gaming in a county before September 30, 2006 is relieved of all duties associated with such regulation on October 1, 2006.

Fiscal Summary

State Effect: None. The bill mostly affects counties, and the Secretary of State can implement the bill's provisions with existing resources.

Local Effect: County expenditures could increase by approximately \$40,000 per county to establish and support a seven-member gaming commission; if commission members serve on a volunteer basis, there could be no cost to the counties. County revenues could increase by a similar amount if counties impose new fees on recipients of gaming licenses. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: Qualified organizations, including volunteer fire departments, religious organizations, fraternal organizations, civic organizations, veterans' organizations, and charitable organizations, may sponsor gaming events. These include carnivals, bazaars, and raffles where games of chance that award prizes are played. Counties are responsible for selling licenses to organizations that wish to sponsor gaming events, and for regulating gaming activities, but they are not required to establish specific commissions or other mechanisms for carrying out their regulatory responsibilities.

Background: Washington County is the only county with a gaming commission, but the only responsibility of its seven-member commission is to disburse revenue from gaming to community-based groups. Commission members serve two-year terms on a strictly volunteer basis, so the commission has no budget. Washington County's Gaming Office carries out all other responsibilities delegated to the new commissions created by this bill, including issuing gaming licenses and regulating gaming events. The gaming office's fiscal 2006 budget is \$194,000. In fiscal 2005, Washington County's revenue from gaming was \$3.0 million, which was disbursed by the commission to local fire and rescue squads and community-based organizations.

State Fiscal Effect: The Secretary of State's office advises that it can issue regulations to carry out the bill's provisions with existing resources. The challenge it foresees, however, is in developing regulations that apply to 24 different counties, each with its own standards and requirements for administering and regulating gaming activities.

Local Fiscal Effect: County estimates of the cost of establishing and maintaining a gaming commission are roughly \$40,000 per county, although estimates differ in several regards. Montgomery County, like Washington County, assumes that commission members will serve on a voluntary basis, so it does not include stipends for commission members in its estimate. Instead, it included funding for a permit technician to issue gaming permits within the county. Somerset County, however, included stipends for commission members in its estimate.

In general, counties regulate gaming activities through gaming offices (like Washington County) or through their permitting office (like Montgomery County). The bill does not specify whether members of the new commissions would serve on a volunteer basis. If the new commissions were strictly voluntary, there would likely not be any cost to the counties, as the responsibilities for regulating gaming would be transferred from existing gaming offices to the commissions, with existing staff carrying out those responsibilities under the supervision of the commissions. However, the director of Washington County's gaming office does not believe that counties can expect commission members to carry out all of the responsibilities described in the bill on a volunteer basis. Thus, if

the commission members were paid, the cost to counties would be the salaries paid to the commission members.

Some counties may raise revenue to pay for their commission, as one county proposed, by raising fees for gaming licenses. Another county questioned the need for such a large commission for small counties with few gaming operators.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Secretary of State, Somerset County, Montgomery County, Prince George's County, Charles County, Department of State Police, Baltimore County, Frederick County, Department of Legislative Services

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