

Department of Legislative Services  
Maryland General Assembly  
2006 Session

FISCAL AND POLICY NOTE

House Bill 1438  
Ways and Means

(Delegate Nathan-Pulliam)

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Slot Machines and Other Video Gaming Devices - Cash Payouts - Notice and Penalties

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This bill makes knowledge an element of the criminal offense of locating, possessing, keeping, or operating a slot machine in the State.

The bill further provides that a person may not sell, lease, lend, or otherwise transfer a slot machine or other video gaming device (VGD) that is installed in a bar, restaurant, gas station, or other establishment unless the person meets the bill's requirements. The bill imposes fines for noncompliance.

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Fiscal Summary

**State Effect:** Potential minimal increase in general fund revenues due to the bill's penalty provision. Although the bill could potentially require additional resources to process any increased caseload, it is anticipated that the bill's provisions could be handled with existing resources.

**Local Effect:** Potential minimal increase in revenues due to the bill's penalty provision. No effect on expenditures.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** The bill requires that the person must inform, by written notice, the operator of the establishment where the VGD is to be installed and that a cash payout may not be awarded to a player of a VGD by any means. The bill provides for the

contents of the notice. Furthermore, the bill requires that the person must have installed at his/her own expense a sign that reads, "For Amusement Only – No Cash Payouts Allowed," and the bill provides for the sign's content and layout.

A violator is guilty of a misdemeanor and is subject to a fine of up to \$5,000 for a first offense and up to \$10,000 for a subsequent offense. Moreover, the violator is ineligible to obtain a license for an amusement device in the county where the violation occurred for up to five years from the date of the violation.

**Current Law:** Unless authorized by statute, a person may not locate, possess, keep, or operate a slot machine in the State. A person who does so is guilty of a misdemeanor and for each offense is subject to imprisonment for up to one year, a fine of up to \$1,000, or both. The bill adds the element of knowingly to this offense.

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. 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.

**Background:** Baltimore City advises that its amusement device license fee is \$180. Baltimore City also charges a unit device fee of \$50 and a registration fee of \$200 – both fees to vendors only. During calendar 2006, as of March 6, 2,470 amusement device licenses have been granted, which has generated revenues of \$444,600. Unit device fees were paid by 1,888 vendors for revenues of \$94,400, and 68 vendors paid registration fees for revenues of \$13,600.

**State Revenues:** General fund revenues could increase minimally under the bill's monetary penalty provision for those cases heard in the District Court.

**Local Fiscal Effect:** Revenues could increase minimally under the bill's monetary penalty provision for those cases heard in the circuit courts.

Baltimore City and Prince George's and Talbot counties advise that the bill's provisions would not have a fiscal impact. On the other hand, both Allegany and Wicomico counties indicated that the bill could have a fiscal impact from the potential loss of licensing revenues from persons being prohibited from obtaining another VGD license for up to five years if convicted of violating the bill.

## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Wicomico County, Allegany County, Montgomery County, Prince George's County, Talbot County, Judiciary (Administrative Office of the Courts), Comptroller's Office, Department of State Police, Baltimore City, Department of Legislative Services

**Fiscal Note History:** First Reader - March 12, 2006  
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