

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 119
Ways and Means

(Delegate Edwards)

Judicial Proceedings

Garrett County - Paper Gaming and Bingo - Regulation

This bill clarifies the types of organizations in Garrett County that are authorized to conduct paper gaming and bingo under existing law, and clarifies that all organizations that conduct paper gaming must purchase a paper gaming license from the county. It also eliminates restrictions on the frequency of gaming events and the size of prizes awarded, increases the penalties for violating the law authorizing paper gaming in Garrett County, and corrects other language in the existing law.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: Potential minimal increases in general fund revenues due to increased penalties.

Local Effect: None. The bill clarifies existing law.

Small Business Effect: Potentially meaningful. Gaming licenses will no longer be subject to restrictions on the size of the prizes they award or the frequency of their gaming events.

Analysis

Bill Summary: The bill clarifies that Garrett County volunteer fire departments and rescue squads may conduct paper gaming events if they get a paper gaming license and have an alcoholic beverages license. Other community and charitable organizations must

also get a paper gaming license to conduct a paper gaming event, but they may sponsor paper gaming events only if they do not have an alcoholic beverages license.

The bill also increases penalties for violations of the law governing paper gaming in Garrett County by specifying that each day that a violation continues is considered a separate offense, subject to a 30-day prison term or \$1,000 fine. The bill also repeals the provision that makes a violation a civil infraction. Finally, it allows the County Commissioners of Garrett County to adopt age restrictions from gaming participants.

Current Law: Chapter 234 of 2005 authorized certain community and charitable organizations in Garrett County to conduct paper gaming and bingo events for their own benefit, including volunteer fire departments and rescue squads. Chapter 234 used inconsistent language in referring to volunteer fire departments and rescue squads, so this bill applies consistent language.

Chapter 234 was unclear with regard to whether Garrett County volunteer fire departments and rescue squads could engage in paper gaming without a paper gaming license or an alcoholic beverage license. This bill corrects that ambiguity.

The Garrett County Commissioners may adopt an ordinance or resolution declaring any violations of the provisions governing paper gaming in Garrett County to be either a civil infraction or a misdemeanor. There is no provision stating that each day of a violation represents a separate offense.

Background: Paper gaming is a game of chance in which prizes are awarded and the devices used to play the game are constructed of paper. The most common forms of paper gaming are punchboards and tip jars. A punchboard is a square piece of wood or cardboard with dozens or hundreds of holes punched in it, each filled with a piece of paper with numbers or symbols printed on it. The holes are covered with foil or paper, and players pay for the right to punch one or more holes. If the numbers or symbols on their slips of paper match a winning combination, they receive a prize, either cash or another item. Tip jars dispense instant winning game tickets similar to scratch lottery games.

Paper gaming provides two sources of revenue to counties: the sale of paper gaming licenses and stickers to operators, and taxes on paper gaming sales. Although Chapter 234 passed during the 2005 session, Garrett County does not expect to begin selling paper gaming licenses until July 2006. In its first year, Garrett County expects total revenues generated by paper gaming to be approximately \$235,000 in fiscal 2007. In fiscal 2005, paper gaming in neighboring Allegany County generated \$728,400 in revenue for the county and its municipalities and \$3.1 million in net income for gaming operators.

State Fiscal Effect: Cases for misdemeanor violations of paper gaming rules and regulations would be heard in District Court, and fines administered would go to the State general fund. The number of cases expected stemming from paper gaming violations is not expected to be significant. However, the provision that stipulates each day of a violation to be a separate offense could generate a slight increase in State revenues.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Garrett County, Allegany County, Judiciary (Administrative Office of the Courts), Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2006
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