

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 575
Ways and Means

(Delegate Beitzel)

Garrett County - Gaming Events Regulation - Repeal

This bill repeals gaming licensing and paper gaming taxing authority for Garrett County. The bill reaffirms a qualified organization's ability to hold charitable gaming events in the county under existing State law.

Fiscal Summary

State Effect: This bill would not materially affect State operations or finances.

Local Effect: None. Garrett County has not used the authority being repealed by the bill.

Small Business Effect: None.

Analysis

Current Law: Fifteen counties including Garrett County allow qualified organizations (*i.e.*, volunteer fire companies; bona fide fraternal, religious, civic, charitable, and war veterans' organizations) to hold gaming events for the exclusive benefit of the organization provided no individual benefits financially from the gaming event or receives any gaming proceeds. A gaming event includes a carnival, bazaar, raffle, paddle wheel, wheel of fortune, chance book, or bingo. Each county is responsible for regulating gaming activities conducted by civic and charitable organizations. There is no statewide reporting of gaming activities by civic and charitable organizations. Gaming licensees may use the proceeds of gaming activities for the benefit of their own organizations but do not need to share them with other organizations.

In addition, limited slot machine operation is authorized for eight counties on the Eastern Shore and half of the proceeds from slot machines must benefit a charity.

Chapter 234 of 2005 authorized the Board of County Commissioners of Garrett County to license and regulate specified gaming events, paper gaming, and bingo. Before conducting a gaming event, an organization is required to obtain a permit from the county. Gaming events are defined as bazaars, carnivals, raffles, tip jars, punchboards, and any event that uses a gaming device. A gaming device includes: (1) except for a billiards table, any gaming table at which a game of chance is played for money or anything of value; or (2) a game or device at which money or anything of value is wagered. A gaming permit is issued for one year and cannot be transferred.

An organization can conduct a gaming event for its own benefit if it is a: (1) bona fide religious, fraternal, civic, war veterans,' hospital, amateur athletic, patriotic, educational, or charitable organization; or (2) county or auxiliary volunteer fire company or rescue squad.

This bill authorizes the county to establish a licensing procedure for holders of Class A, C, and D (on-sale) alcoholic beverages licenses and qualified organizations to engage in paper gaming. Holders of Class A, Class C, or Class D (on-sale) alcoholic beverages licenses must obtain a paper gaming license. Qualified organizations, fire companies, and rescue departments are authorized to engage in paper gaming without a license.

The bill authorizes the board of county commissioners to impose paper gaming taxes. Licensees that are qualified organizations are required to pay a tax of 10% of gross profits minus the cost of the paper gaming products. Class A, C, and D (on-sale) alcoholic beverages licensees are required to pay a tax of 40% of gross profits minus the cost of the paper gaming products.

The county commissioners may establish a special gaming fund that is a continuing, nonlapsing fund. The fund may be used only to benefit fire companies, rescue departments, and to pay for specified school costs. The fund will consist of revenue derived from the taxation of gross profits from tip jar sales and other sources. Money from the general fund of the State or the county including federal money may not be transferred to the fund by any means. Each year the county commissioners are required to pay all administrative costs for administering paper gaming from the fund including the hiring of additional personnel.

The bill requires that the following organizations obtain a bingo permit from the county for bingo conducted for the benefit of the organization or charity in the county: (1) bona fide religious, fraternal, civic, war veterans', hospital, amateur athletic, patriotic, educational, or charitable organization; and (2) county or auxiliary volunteer fire

company or rescue squads. A person must be a legal resident of the county in order to conduct bingo. The maximum prize awarded in a bingo game cannot exceed \$5,000.

Chapter 297 of 2006 clarified the types of organizations in Garrett County that are authorized to conduct paper gaming and bingo and clarified that all organizations that conduct paper gaming must purchase a license from the county.

Background: The Garrett Board of County Commissioners has made a request that the Maryland General Assembly repeal local gaming authority in response to a decision by the board not to enact gaming. Charitable gaming can still occur in the county, as provided for within current State law.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Garrett County, Garrett Board of County Commissioners, Department of Legislative Services

Fiscal Note History: First Reader - March 12, 2008
mcp/rhh

Analysis by: Michael P. Lee

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