

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 147
Ways and Means

(Harford County Delegation)

Harford County - War Veterans' Organizations - Slot Machines

This bill authorizes a bona fide war veterans' organization in Harford County to own and operate no more than five slot machines at the principal meeting hall of the organization. Veterans' organizations owning and operating slot machines must annually undertake an independent audit of financial statements and submit a copy of the audit report as it relates to slot machine revenue to the Harford County Sheriff's Office. The annual audit must be paid for with the remainder of slot machine proceeds used to further the purposes of the war veterans' organization.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: None.

Local Effect: Harford County revenues may increase by approximately \$2,500 annually. County expenditures are not affected.

Small Business Effect: None.

Analysis

Bill Summary: In order to operate a slot machine, an eligible organization must obtain a license from the sheriff's office and pay a fee of \$50 per machine annually to the county. An organization may not own more than five slot machines and must own each slot machine in operation. The slot machines must be located at the principal meeting hall of the organization and cannot be operated at a private commercial facility. The slot machine must be equipped with a tamperproof meter or counter that accurately records gross receipts.

At least one-half of the proceeds generated from slot machines must go to a charity. The remainder of the proceeds must go to the organization. An individual cannot benefit financially from the proceeds. The organization must keep accurate records of gross receipts and payouts from slot machines and must report annually under affidavit to the Comptroller's Office the income from each slot machine and the disposition of these proceeds. The Comptroller's Office, however, does not have authority to audit these reports.

Current Law/Background: Generally, it is a misdemeanor crime to possess or operate a slot machine in Maryland. However, legislation was enacted in 1987 and 2007 authorizing certain nonprofit organizations to operate slot machines in the following eight Eastern Shore counties: Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, and Wicomico. The 1987 legislation required a nonprofit organization to be located in the county for at least five years prior to the application for a license and to be a fraternal, religious, or war veterans' organization.

Chapter 645 of 2007 expanded the list of eligible organizations that may be licensed to operate slot machines to include those that have been affiliated with a national fraternal organization for less than five years but have been located within an eligible county for at least 50 years before applying for a license.

The State Lottery Agency conducted a study of local gaming in Maryland required by Chapter 474 of 2008. The report indicates that 273 slot machines on the Eastern Shore generated \$54.8 million in total bets in fiscal 2008.

Additional Information

Prior Introductions: A similar bill, HB 780 of 2008, received a hearing in the House Ways and Means Committee but no further action was taken on the bill. Its cross file, SB 804, had only a first reading in the Senate Rules Committee.

Cross File: None.

Information Source(s): Harford County, Comptroller's Office, State Lottery Agency, Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2009
mcp/rhh

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