

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 868

(Senator Brinkley)

Judicial Proceedings

Ways and Means

Frederick County - Tip Jars and Punchboards - Licensed Distributors

This bill requires that tip jars and punchboards operated in Frederick County must be purchased from distributors licensed in Frederick County who have an office in the State, rather than the county.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: None.

Local Effect: None. Enforcement and licensing activities of the Frederick County Department of Permits and Inspections will not be affected by this change.

Small Business Effect: None.

Analysis

Current Law: To operate a tip jar or punchboard in Frederick County, an establishment or proprietor must be licensed to serve food and alcoholic beverages for consumption on the premises. A tip jar or punchboard must be purchased from a distributor that has an office in the county, is licensed by the Frederick County Department of Permits and Inspections, and keeps records required by the county commissioners.

Only a distributor licensed by Frederick County may sell tip jars or punchboards for use in the county. Each distributor must submit monthly reports and the appropriate issuance fee to the county within 45 days after the end of each month.

A distributor is ineligible to apply for or possess a license if the applicant or any of the applicant's officers, directors, or employees directly responsible for the distribution of tip jars or punchboards has been convicted of a felony or convicted of a misdemeanor in anyway related to gambling or gaming within the past five years of the submission of the license application. The annual license fee for a distributor is \$2,000.

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, instant bingo, 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 revenues to counties: the sale of paper gaming licenses and tickets to operators, and taxes on paper gaming sales. The State Lottery Agency advises that paper gaming occurs in at least 15 Maryland counties, and is most prevalent in Allegany, Frederick, Garrett, and Washington counties.

Additional Information

Prior Introductions: HB 1567 of 2008 passed the House and received a hearing before the Senate Judicial Proceedings Committee, but no further action was taken.

Cross File: HB 719 (Frederick County Delegation) - Ways and Means.

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

Fiscal Note History: First Reader - February 24, 2009
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