

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 128
(Harford County Senators)
Budget and Taxation

Harford County - Charitable Gaming

This bill authorizes specified nonprofit organizations that have been located in Harford County for at least three years to hold gaming contests. A gaming contest involves a card game, dice game, or roulette. The bill prohibits permit holders from conducting more than four gaming contests per year and requires a separate permit for each casino event. A person who violates the provisions of the bill is guilty of a misdemeanor and, on conviction, subject to a fine of up to \$1,000 and/or imprisonment for up to one year.

The bill takes effect July 1, 2011.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues due to the bill's penalty provision.

Local Effect: Harford County revenues increase minimally from collection of gaming contest licensing fees beginning in FY 2012. County administrative and law enforcement expenditures may also increase minimally beginning in FY 2012.

Small Business Effect: None.

Analysis

Bill Summary: Eligible organizations must submit an application to the sheriff stating the purpose for which the proceeds of the gaming contest will be used and pay the permit fee that the sheriff determines. A gaming contest may be held only between 4:00 p.m. and 1:00 a.m. and only in a structure or at a location that is owned, leased, or occupied by the permit holder. A gaming contest may include bingo, instant bingo, a raffle, a paddle

wheel, or a 50/50 raffle, but a gaming contest may not consist exclusively of a game on this list.

An individual may bet no more than \$10 on any game conducted during the contest. A permit holder may award prizes of money or merchandise; no prize value limit is established by the bill.

A gaming contest must be managed and operated personally by members of the organization conducting the contest without outside assistance. A member of the organization may not receive proceeds from the gaming contest for personal use and may not receive compensation for managing the contest or operating a game during the contest. Proceeds may not be paid to or received by a person other than the permit holder. A qualified organization may rent or purchase equipment and supplies needed to conduct a gaming contest, but may not enter an agreement to share gaming contest profits. After deducting costs incurred from conducting the contest, proceeds must be used only for the purposes of the organization.

Within 30 days after a gaming contest, the permit holder must submit a specified financial report to the sheriff. The permit holder must keep all financial records from the contest for at least two years after the contest. The sheriff or the State's Attorney may require the permit holder to produce the financial records. The sheriff may deny a permit to an applicant failing to file a required report from a previous contest or is late in filing federal or State tax reports.

The sheriff must adopt regulations regarding gaming contests. A person who violates this law is guilty of a misdemeanor and on conviction is subject to imprisonment not exceeding one year and/or a fine not exceeding \$1,000.

Current Law: In Harford County, four classes of organizations can obtain a license to conduct certain types of gaming: particular religious groups; State and nationally chartered veterans' organizations; volunteer fire companies; and specified nonprofit, charitable organizations. Subject to specified limitations, a political committee may conduct a fundraiser entailing a gaming event or 50/50 game.

The Harford County Sheriff charges the following license fees: \$5 for a bingo license, \$15 for a members-only instant bingo license, and \$10 for all other licenses. The licensee must submit a specified report within 15 days after the licensed gaming activity.

Prize money for a bingo game may not exceed \$500 or \$1,000 for a jackpot. Prize money for a members-only instant bingo game may not exceed \$500. Prize money for a raffle may not exceed \$10,000 if the sponsoring organization has not held a raffle for prize money exceeding \$1,000 in the current calendar year; otherwise the limit is \$1,000.

Prize money for a paddle wheel game may not exceed \$10 and prize money for a game of 50/50 may not exceed \$500.

Background: 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, except for the slot machines operated on the Eastern Shore. 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. However, slot machine operators must use at least one-half of the proceeds from slot machines to benefit a charity.

The Maryland State Lottery Agency conducted a study of local gaming in Maryland required by Chapter 474 of 2008. The report indicates that casino events are conducted in at least 6 counties, and card games are operated in at least 10 of the 24 counties in Maryland.

State Fiscal Effect: General fund revenues may increase minimally as a result of the bill's monetary penalty provision from cases heard in the District Court.

Local Fiscal Effect: Harford County revenues may increase minimally from gaming contest license fees. Expenditures may increase in Harford County as a result of the bill's incarceration penalty. Counties pay the full cost of incarceration for people in their facilities for the first 12 months of the sentence. Per diem operating costs for the county detention facility have averaged \$115 per inmate in recent years.

Additional Information

Prior Introductions: None. HB 980 of 2010, a similar bill, passed the House and received a hearing in the Senate Budget and Taxation Committee, but no further action was taken.

Cross File: None.

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

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