

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 1099
Ways and Means

(Prince George's County Delegation)

Prince George's County - Volunteer Fire Departments - Poker Events
PG 304-11

This bill authorizes a volunteer fire department in Prince George's County to conduct poker card game events that are open to the public, on a Friday or Saturday only. The bill limits a volunteer fire department to no more than one poker event per month. Qualified organizations must obtain a permit from the Prince George's County Department of Environmental Resources before conducting a poker event. Only a volunteer fire department that has operated in the county for at least 10 years may apply for a permit. No more than 30 permits may be active at any time. A permit is valid for six months and may be renewed. The Department of Environmental Resources must hold a lottery if it receives more than 30 applications.

The conditions under which a poker event permit is issued must generally be the same as those established in Prince George's County Code for a charitable gaming event, including requirements for permit applications, use of proceeds, hours of operation, worker licensing, organizational reporting, fees, and prize amounts.

The bill takes effect July 1, 2011.

Fiscal Summary

State Effect: None.

Local Effect: Prince George's County license and permit revenues will increase by approximately \$200,000 annually. However, administrative, oversight, and enforcement expenses may total as much as \$458,000 in FY 2012, increasing to \$491,000 by FY 2016.

Small Business Effect: None.

Analysis

Current Law: In Prince George's County, casino night events are prohibited. However, a qualified organization may hold a benefit performance, which may include (among other nongaming activities, such as a lecture) a carnival, a card party, a bingo party, or a contest. A qualified organization is a group of citizens of the county or a company, association, or corporation that is organized in good faith in the county to promote the purposes of a volunteer fire department or of a charitable, benevolent, patriotic, fraternal, educational, religious, or civic object.

Proceeds from the benefit performance must benefit the qualified organization, be used for the purposes of the organization, and may not benefit the private gain of a member of the organization. A money prize of no more than \$1,000, or a merchandise prize (no limit is specified) may be awarded at a benefit performance. A person who attempts to conduct a benefit performance in violation of the 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.

Prince George's County Charitable Gaming Event Code

Aside from the limit to one poker event per month, the bill links poker event permit issuance to Prince George's County Code regarding charitable gaming event permits. The following summarizes current provisions of that code.

Prince George's County Code does not list poker events among the types of benefit performances (which include charitable events) that may be conducted or operated; county code limits gaming events that may be permitted to those listed, as well as bingo and raffles. In addition to being a qualified organization, to be eligible for a charitable gaming event, an applicant must have been located in, and active in, the county for at least two years.

The Gaming Permit Review Board is responsible for approving applications for charitable gaming event permits. Generally, a written permit from the board is required before operating a benefit performance, including a charitable gaming event. Applications must be submitted to the board at least 30 days prior to the first event; however the board has up to 45 days to make a decision. Charitable gaming event permits may be issued on a semiannual basis. County code specifies reasons for which the board must reject applications (*e.g.*, if the application is false or misleading) or may suspend or revoke licenses (*e.g.*, if the event will jeopardize health, safety, or welfare of county residents).

Board decisions may be appealed to the county board of appeals. The code specifies the appeals process. Decisions of the board of appeals may be appealed to the Circuit Court for Prince George's County.

The application for a charitable gaming event must detail:

- the name of the group or organization and the names and addresses of its officers and directors, as well as those who will control the proceeds and are authorized to disburse funds derived from charitable events;
- a statement of the purposes and objects of the group or organization and purposes for which event proceeds will be used;
- statements under affidavit that no agreement exists for the division of any proceeds with any other person or specified entity and that proceeds will not go to any person or specified entity except previously agreed to amounts to pay for event operating costs;
- copies of the applicant's most recent IRS Form 990 and State Form COF-85, or allowable substitutes, of the organization's bylaws, charter, and tax identification number, along with affidavits attesting to the validity of these copies;
- a list of all persons who worked at gaming events during the previous licensing period; and
- for corporate sponsors, a current certificate of good standing from the State.

No individual or group of individuals, including those assisting in conducting the event, can benefit financially from holding a charitable gaming event or be paid any of the proceeds from the event for personal benefit. Proceeds from the event must be used exclusively to the benefit of the qualified organization and be used for one or more of the qualifying purposes of the organization.

Charitable gaming event operations are limited to the hours of noon until 11:00 p.m. on Monday through Thursday. Sunday hours are more restrictive, while Friday and Saturday hours are more permissive.

Each person who works at a charitable event must annually obtain a license from the Prince George's County Department of Environmental Resources. This charitable gaming event worker license, which may not be issued to a person under 18 years old, is valid for one year. Those assisting in charitable gaming events must be fingerprinted and must submit a specified affidavit. The department director must conduct background investigations of volunteers as necessary to prevent individuals with specified criminal backgrounds from working at a charitable event. The director may suspend or revoke a license; there is a specified process for applying for reinstatement of the license and for appealing the director's decision on reinstatement to the county board of appeals. The county council must set a fee for the charitable gaming event worker license.

An eligible organization or group must submit to the department an annual financial report and an unqualified audited financial statement concerning the operation of charitable gaming and copies of the most recent IRS Form 990 and State Form COF-85, or allowable substitutes. Further reporting requirements apply to those operating charitable gaming events more often than once per month.

The fee for a charitable gaming event permit is \$150 per event and \$50 per month for each mechanical device operated on the premises of the permit holder. A charitable gaming event permit enforcement fee must be established by the county council.

Any charitable gaming event may include the award of cash prizes not exceeding \$1,000 per prize. The county code does not specify a limit on merchandise prizes.

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.

There are 57 volunteer fire companies in Prince George's County.

Local Fiscal Effect: Prince George's County indicates license and permit revenues will increase by \$200,000 annually, based on the assumption of 30 events per month and 10 poker tables per event. The county anticipates that administrative, oversight, and enforcement expenses will total \$458,000 in fiscal 2012, increasing to \$491,000 by fiscal 2016 due to an assumed 3.5% annual growth in salaries for 5.5 additional employees. However, Legislative Services advises that expenditures may not exceed revenues.

Additional Information

Prior Introductions: A similar bill, HB 572 of 2010, received an unfavorable report from the House Ways and Means Committee.

Cross File: None.

Information Source(s): Prince George's County, Prince George's County Volunteer Fire and Rescue Association, Comptroller's Office, Maryland State Lottery Agency, Department of Legislative Services

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