

Department of Legislative Services  
Maryland General Assembly  
2012 Session

**FISCAL AND POLICY NOTE**

House Bill 603  
Ways and Means

(Delegate Stukes, *et al.*)

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**Baltimore City - Charitable Gaming Events - For-Profit and Nonprofit Organizations**

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This bill authorizes a for-profit organization to hold a charitable gaming event with a nonprofit partner organization in Baltimore City. The organizations must obtain a permit from the Baltimore City Police Commissioner before conducting the charitable gaming event. Before issuing a permit, the Baltimore City Police Department must ascertain that the organizations meet requirements of existing State law authorizing gaming events in Baltimore City. A for-profit organization and a partner organization may not conduct more than three charitable gaming events per year.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Baltimore City fee revenues increase if regulations adopted under the bill specify a fee (or a set of fees). Potential minimal impact on Baltimore City admissions and amusement tax revenue from authorized charitable gaming activities. The Baltimore City Police Department can issue permits with existing resources.

**Small Business Effect:** Minimal.

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**Analysis**

**Bill Summary:** The permit holders may not allow an individual or group of individuals to benefit from the gaming event or its proceeds, except the permit holders may pay a person to manage or operate the event and may pay the costs of goods and other services essential to the operation of the event, such as food, beverages, and venue rental.

Within 60 days after holding the event, the organizations must submit a report listing the receipts and expenses for the event to the Baltimore City Police Department and the Baltimore City Finance Department to determine the amount of the admission and amusement tax that is due. A money prize over \$500, or merchandise of more than \$1,000, may not be awarded to a player of a card game, dice game, or roulette.

A person who attempts to conduct a charitable gaming event in violation of the bill's provisions is guilty of a misdemeanor and is subject to a maximum of one year in prison, a maximum fine of \$1,000, or both.

The Baltimore City Police Department must adopt regulations for issuance of a permit for, and the conduct and management of, a charitable gaming event.

**Current Law:** In Baltimore City, qualified organizations may conduct gaming events (*i.e.*, a carnival, bazaar, or raffle) for the benefit of a religious, fraternal, civic, or charitable organization; a veteran's hospital; or an amateur youth athletic organization. An organization conducting a gaming event must be located in Baltimore City and spend a majority of the organization's funds in Baltimore City for specified purposes (*e.g.*, fraternal or charitable purposes.) There is no limit on the amount of merchandise or prize money that may be awarded at a gaming event. A permit holder may conduct no more than 12 raffles per year.

An individual or group of individuals may not benefit financially from the event and the event must be personally managed by the members of the organization. An organization must obtain a permit from the Baltimore City Police Department before operating a gaming event.

In Baltimore City, bingo and the awarding of prizes at political fundraisers are also authorized under specified conditions.

#### *Admissions and Amusement Tax*

All counties (with the exception of Caroline County), Baltimore City, and most municipalities impose a local admissions and amusement tax. Each unit of local government sets its own single tax rate or range of rates. This rate is expressed as a percentage of gross receipts, up to a maximum rate of 10%. In fiscal 2012, the Baltimore City admissions and amusement tax rate is 10%.

However, there are several limitations on the authorization of counties and municipalities to impose the admissions and amusement tax. Among these limitations, counties and municipalities may not impose the admissions and amusement tax on gross receipts derived from any charge for admission or for merchandise, refreshments, or a service, if the gross receipts are used exclusively for a charitable, educational, or religious purpose.

**Local Fiscal Effect:** To the extent that permit fees are applied to charitable gaming events authorized by the bill, Baltimore City revenues increase. The proceeds from a charitable gaming event authorized by the bill must be donated to the nonprofit partner involved in conducting the event. However, to the extent that the purpose of a charitable gaming event is not exclusively charitable, Baltimore City may choose to impose its local admissions and amusement tax on the admissions from, and merchandise, refreshments, or services provided during, the event. Baltimore City was unable to advise as to whether this tax will be imposed on the charitable gaming events, but it is assumed that events that are in compliance with the provisions of the bill will be exempted from the local admissions and amusement tax.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Baltimore City, Comptroller's Office, Judiciary (Administrative Office of the Courts), Maryland State Lottery Agency, Department of Legislative Services

**Fiscal Note History:** First Reader - March 12, 2012  
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