

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 1083
Ways and Means

(Prince George's County Delegation)

Prince George's County - Gaming - Charity Chips
PG 312-13

This bill authorizes volunteer fire departments and other specified qualified organizations in Prince George's County to conduct poker card game events that are open to the public if issued a permit by the Prince George's County Department of Environmental Resources.

The bill takes effect July 1, 2013, and the department may begin to issue permits for poker events on July 15, 2013.

Fiscal Summary

State Effect: None. While the bill may draw some gaming revenues away from video lottery facilities, the impact is small enough that State finances are not affected.

Local Effect: Prince George's County license and permit revenues will increase by approximately \$200,000 annually beginning in FY 2014. However, administrative, oversight, and enforcement expenses may total as much as \$458,000 in FY 2014, increasing to \$491,000 by FY 2018.

Small Business Effect: None.

Analysis

Bill Summary: Volunteer fire departments and other specified qualified organizations in Prince George's County may conduct poker card game events that are open to the public if issued a permit by the Prince George's County Department of Environmental

Resources. Only a volunteer fire department or a nonprofit organization that promotes the arts and preserves the culture and that have operated in the county for at least 10 years since its incorporation are considered qualified to apply for a permit. The bill limits such events to no more than one poker event per month, on a Friday or Saturday, for each organization with a permit.

A permit application must include a list of persons participating in the management or operation of the poker event, a copy of the applicant's most recent IRS form 990, and an authorization by an official of the applicant to allow a specified examination of IRS records over the prior three years. An applicant must also apply for a State and national criminal history records check for each individual participating in the management or operation of a poker event, including submitting fingerprints and paying associated fees. Any information obtained from the Central Repository must be kept confidential and only used for the granting of a permit. The bill details the circumstances under which the department may deny a permit to an applicant or revoke a permit.

An individual who is not a member of the qualified organization that holds a poker event may volunteer at the poker event if the individual is a member of a similar organization and is directly supervised by a member of the qualified organization. A worker participating in the management, operation, or conduct of a poker event must have a government-issued photographic identification on his or her possession during the event, and the worker may not participate as a player in the poker event.

An individual may be paid a reasonable fee to prepare quarterly and annual financial reports as long as the individual is not a member of the organization that participates in the management, operation, or conduct of a poker event.

A permit holder must maintain a separate poker event bank account and deposit all receipts from poker events to that account within the second business day following each event. The bill further details obligations of permit holders relating to operations, the separate bank accounts, quarterly and annual reports of receipts and disbursements, allowable uses of poker event proceeds, prohibited uses of proceeds, and maintenance of records. A permit holder that fails to file a required report and is not granted an extension must be charged \$25 per day from the due date until the required report is filed. A permit holder must maintain details of the disbursement of poker event proceeds for at least three years and make the information available to the Prince George's County Department of Environmental Resources.

The Prince George's County Department of Environmental Resources is required to adopt implementing regulations. A permit is valid for six months and may be renewed. No more than 30 permits may be active at any time. A lottery must be held if more than 30 applications are received.

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.

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. Board decisions may be appealed to the county board of appeals.

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 by certain nonprofit organizations in the nine Eastern Shore counties. Gaming licensees may use the proceeds of gaming activities for the benefit of their own organizations, but they 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.

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

Local Fiscal Effect: Prince George’s County indicates that license and permit revenues will increase by \$200,000 annually beginning in fiscal 2014, 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 2014, increasing to \$491,000 by fiscal 2018 due to an assumed 3.5% annual growth in salaries for 5.5 additional employees. However, the Department of Legislative Services advises that expenditures may not exceed revenues. Additionally, when a casino opens in Prince George’s County, no earlier than July 1, 2016, or 30 months after the Baltimore facility opens to the public, revenues may fall short of projections due to increase gaming competition.

Additional Information

Prior Introductions: A similar bill, HB 811 of 2012 was withdrawn prior to receiving a hearing in the House Ways and Means Committee.

Cross File: None.

Information Source(s): Prince George's County, Comptroller's Office, Maryland State Lottery and Gaming Control Agency, Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2013
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