

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 204
Ways and Means

(Delegate Stukes, *et al.*)

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

This bill authorizes a for-profit organization to hold a charitable gaming event, which includes a card game, a dice game, and roulette, 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.

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: Baltimore City fee revenues increase if regulations adopted under the bill specify a fee (or a set of fees). The Baltimore City Police Department can issue permits with existing resources.

Small Business Effect: Minimal.

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. All of the net proceeds must be donated to the nonprofit partner organization.

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 except Caroline and Frederick counties, 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 2013, 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

HB 204/ Page 2

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.

Video Lottery Terminals and Table Games

The General Assembly has authorized six video lottery operation licenses in Baltimore City and Allegany, Anne Arundel, Cecil, Prince George's, and Worcester counties with a maximum number of 16,500 video lottery terminals (VLT) allotted in the State. Licensees are also authorized to operate table games in the facilities with the approval of the State Lottery and Gaming Control Commission. Penn Cecil in Cecil County, Ocean Downs in Worcester County, and Maryland Live in Anne Arundel County are open to the public, while a VLT facility at the Rocky Gap Lodge and Resort in Allegany County is expected to open by mid 2013 and a facility in Baltimore City is scheduled to open in mid 2014. The Video Lottery Facility Location Commission may award a license for a Prince George's County facility to begin operations the earlier of July 1, 2016, or 30 months after the VLT facility in Baltimore City is open to the public.

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; thus, Baltimore City advises it will not collect local admissions and amusement tax from gaming events authorized by the bill.

Additional Information

Prior Introductions: HB 603 of 2012 received a hearing in the House Ways and Means Committee, but no further action was taken.

Cross File: SB 106 (Senator McFadden) - Budget and Taxation.

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

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