

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 329
Ways and Means

(Frederick County Delegation)

Budget and Taxation

Frederick County - Gaming Permits

This bill increases the number of gaming events per year that an eligible organization in Frederick County may conduct with a prize greater than \$5,000 from one event to four events.

Fiscal Summary

State Effect: None.

Local Effect: Frederick County expenditures for volunteer fire and rescue companies may decrease minimally to the extent that volunteer fire and rescue companies rely less on funding from the county and more on revenues from gaming events.

Small Business Effect: None.

Analysis

Current Law: In Frederick County, an eligible organization must obtain a permit before conducting a gaming event including a bazaar, carnival, raffle, tip jar, punchboard, chance book, paddle wheel, wheel of fortune, and any other gaming device.

Eligible organizations may hold in a year: (1) one gaming event in which the major prize has a value greater than \$5,000; and (2) raffles in which the major prize is \$5,000 or less as many times as allowed by the county commissioners. Except as specified for tip jars and punchboards, an individual may not benefit financially from a gaming event.

Eligible organizations include bona fide religious, fraternal, civic, war veterans', hospital, amateur athletic, patriotic, charitable, and educational organizations as well as volunteer fire, rescue, and ambulance companies and their auxiliary organizations in Frederick County.

The Frederick County Commissioners may charge a fee for each permit and adopt regulations governing gaming event permit applications and the issuance of permits.

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 and Gaming Control 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.

Frederick County budgeted \$47.8 million in fiscal 2014 for fire and rescue services. Approximately 14% of these funds (\$6.7 million) is directed towards volunteer fire and rescue companies.

Local Fiscal Effect: Frederick County presently charges a \$55 filing fee for annual raffle permits, which allows a permit holder to conduct the maximum number of raffles allowed in a calendar year. The county advises that in calendar 2013 it issued a total of 177 raffle permits to eligible organizations, with raffle permit revenues totaling \$9,735. The county indicates that it does not plan to increase the fee for allowing more gaming events, so the bill does not impact Frederick County permit revenues.

Volunteer fire companies rely financially on gaming revenues, donations, and the county government. The county advises that in calendar 2013 it issued 29 gaming permits to volunteer fire companies. Frederick County budgeted \$6.7 million in fiscal 2014 for volunteer fire and advanced life support. Increasing the number of gaming events could increase revenue for volunteer fire companies, thereby reducing reliance on funding from Frederick County.

Additional Information

Prior Introductions: None.

Cross File: SB 615 (Senators Brinkley and Young) - Budget and Taxation.

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

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