

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

House Bill 598

(Prince George's County Delegation)

Ways and Means

Budget and Taxation

Prince George's County - Raffles - Charitable Foundations
PG 301-15

This bill allows a charitable foundation that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code, is affiliated with a professional football team that plays its home games in Prince George's County, and has an office and conducts operations in Prince George's County to conduct a raffle in Prince George's County. Additionally, the bill specifies that a designated county agency, instead of the Prince George's County Department of Environmental Resources, must issue permits to qualified organizations to conduct a raffle after ascertaining the character of the applicant to determine if the permit should be issued.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: None.

Local Effect: Under one set of assumptions, Prince George's County permit fee revenues increase by \$150 annually. Prince George's County can issue the permits using existing resources.

Small Business Effect: None.

Analysis

Bill Summary: A charitable foundation must obtain a written permit from a designated Prince George's County government agency. Before issuing the permit, the agency must

ascertain the character of the applicant to determine if the permit should be issued. The agency must set a fee for issuing the raffle permit, and there is no limit on the number of permits that the agency may issue in a year.

The charitable foundation conducting a raffle may set the price of raffle tickets and award prizes in any amount in money or in merchandise up to 50% of the proceeds of a raffle. The proceeds of a raffle must be used to benefit Prince George's County residents, pay for prizes awarded to winners, and pay for reasonable costs for necessary equipment and supplies. The proceeds may not be used to help cover costs involved in conducting the raffle, such as compensation to ticket sellers or individuals operating the raffle.

A raffle must be held in conjunction with a professional football game played in Prince George's County. A permit for a raffle is only valid for 24 hours, and all raffle tickets must be sold and received on property owned or under the control of the charitable foundation's affiliated professional football team. Raffle tickets may not be sold on the Internet or to anyone not physically present on the affiliated football team's property.

The charitable foundation must send to the designated Prince George's County agency by March 30 of each year a report with the amount and disposition of the money raised by raffles in the previous calendar year.

Current Law: In Prince George's County, a qualified organization may hold a raffle. A qualified organization conducting a raffle may award prizes of up to \$5,000 of merchandise in any amount or the merchandise cash equivalent. 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.

Additionally, 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.

Background: The Washington Redskins is the only professional football team that plays its home games in Prince George's County.

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 instant ticket lottery machines and slot machines operated by certain nonprofit organizations.

Local Fiscal Effect: The increase in local revenues depends on the number of raffle permits issued under the bill and the fee for these permits. Prince George's County

currently sets the fee for a benefit raffle permit at \$15 for each raffle. If Prince George's County sets the permit fee for a raffle at \$15, and a raffle is conducted at each of the two pre-season and eight regular season Washington Redskins home games, then permit fee revenues increase by \$150 annually. Prince George's County can issue the permits using existing resources.

Additional Information

Prior Introductions: A similar bill, HB 965 of 2014, received a hearing in the House Ways and Means Committee, but no further action was taken.

Cross File: None.

Information Source(s): Maryland State Lottery and Gaming Control Agency, Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2015
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