

Department of Legislative Services  
Maryland General Assembly  
2024 Session

FISCAL AND POLICY NOTE  
Third Reader

Senate Bill 415

(Senator Lewis Young)

Budget and Taxation

Ways and Means

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Frederick County - Local Gaming and Authorization for Electronic Tip Jar  
Dispensers

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This bill expands the definition of a “tip jar” for gaming events in Frederick County to include an electronic tip jar dispenser that does not connect to the Internet or to a server. Thus, the bill authorizes a person authorized to operate a tip jar in Frederick County to operate an electronic tip jar dispenser that does not connect to the Internet or to a server. The bill also makes technical changes by replacing obsolete references. **The bill takes effect July 1, 2024.**

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Fiscal Summary

**State Effect:** While the bill may draw some gaming revenues away from the State lottery and casino facilities, the impact is likely small enough that overall gaming revenues are not materially affected.

**Local Effect:** Frederick County can issue permits with existing resources and county finances are not materially affected.

**Small Business Effect:** Minimal.

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Analysis

**Current Law:** To operate a tip jar or punchboard in Frederick County, an establishment or proprietor must be licensed to serve food and alcoholic beverages for consumption on the premises. A person may operate a tip jar or punchboard only for the benefit of an eligible organization. Eligible organizations include *bona fide* hospitals and religious, fraternal, civic, war veterans’, amateur athletic, patriotic, charitable, and educational

organizations as well as volunteer fire, rescue, and ambulance companies and their auxiliary organizations in Frederick County. The beneficiary of a tip jar may not hold more than three permits to operate tip jars or punchboards outside of the beneficiary's premises and must receive at least 70% of the gross proceeds of the tip jar or punchboard after paying winning players and reimbursing the operator for operating expenses.

### *Commercial Electronic Bingo and Tip Jar Machines*

An entity licensed to offer instant bingo under a commercial bingo license on July 1, 2007, or a qualified nonprofit organization, may continue to operate a game of instant bingo in the same manner using electronic machines, provided that:

- the machines were in operation for a one-year period ending December 31, 2007, or under a commercial bingo license on December 31, 2007;
- the entity does not operate more than the number of machines in operation on February 28, 2008; and
- the conduct of the gaming and operation of the machines are consistent with all other provisions of the Criminal Law Article.

A county may not issue a commercial bingo license under Title 13 of the Criminal Law Article or under any public local law to an entity that was not licensed to conduct commercial bingo on or before June 30, 2008.

A State admissions and amusement (A&A) tax is imposed on the net proceeds derived from any charge for the operation of an electronic bingo machine permitted under a commercial bingo license or an electronic tip jar machine authorized under Title 13 of the Criminal Law Article that is operated for commercial purposes. The combined State and local tax rate may not exceed 35%. The tax is currently only imposed in Anne Arundel and Calvert counties.

**Additional Comments:** The State A&A tax does not apply to electronic tip jar machines authorized under the bill because the State A&A tax is only imposed on machines authorized under Title 13 of the Criminal Law Article that are operated for commercial purposes.

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## **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See SB 953 and HB 1277 of 2023 and HB 759 and SB 647 of 2022.

**Designated Cross File:** HB 277 (Delegate Kerr) - Ways and Means.

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

**Fiscal Note History:** First Reader - January 22, 2024  
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