Gaming 101: Legal Parameters for Holding Gaming Events in Prince George’s County

Background
Maryland has both general laws addressing gaming and local laws which are county-specific. Since the University’s student organizations operate within Prince George’s County, this memo addresses Maryland state laws and the rules specific to gaming in Prince George’s County. See 13-202(11) and 13-1901 et. al. As a general matter, these rules apply regardless of whether an entry charge for admission is collected. See 13-1904 (b)(2). Even with a permit, State law expressly bans the following games played for money or any other thing of value: “Thimbles”, “Little Joker”, dice, craps or any game that is a fraud. See 12-103(a).

Types of Events
A gaming event is generally a carnival, bazaar or raffle. See 13-201(b). It includes bingo games, benefit performances and any other events at which a gaming device is operated. See 12-101(e).

A gaming device is defined as a gaming table (but not a billiard table), at which a game of chance is played for money or any other thing or consideration of value OR a game or device at which money or any other thing or consideration of value is bet, wagered, or gambled. See 12-101(d)(1). Gaming devices also include paddle wheels, wheels of fortune, chance books or bingo. See 12-101(d)(2).

Who May Host These Events?
Gaming events may be held only by qualified organizations. 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:
- fraternal, religious, benevolent, civic, patriotic, educational, or charitable purposes;
- a volunteer fire company, rescue squad or auxiliary unit;
- a veterans’ organization or club; OR
- a bona fide nonprofit organization that is raising money for an exclusively charitable, athletic or educational purpose

It does not include any entity organized for the private profit or gain of any member of the group, company, association or corporation. See 13-1901(c)(2). Proof of nonprofit tax status from the IRS is required. Most student organizations cannot hold gaming events as “qualified organizations” because they are unable to satisfy this requirement.

A qualified organization may host a gaming event for its exclusive benefit provided no individual or group of individuals benefits financially from the gaming event OR receives any of the proceeds from the gaming event for personal use or benefit. See 13-203.

---

1 All citations refer to the Maryland Annotated Code, Criminal Law Article.
2 Under 13-1901(b), a benefit performance includes outdoor carnivals, indoor carnivals, fairs, picnics, dances, card parties, bingo parties, bazaars, concerts, contests, exhibitions, lectures, BBQs or dinners.
3 See 12-101(f), 13-201(c), and 13-1901(c).
4 This also means dealers and attendants may not accept tips from patrons. 73 Op. Atty. Gen. 152 (1988).
**How Must These Events Be Operated?**
A qualified organization must obtain a permit to host a gaming event or benefit performance. See 13-1905. Generally, the fee for a charitable gaming event (i.e. benefit performance) permit is One Hundred Fifty Dollars ($150.00). Silent and live auctions do not require a permit. Permits may be applied for with the filing of the *Application for Permit for Benefit Performance/Charitable Gaming Event*. A copy of the *Application* is provided [here](#) for your convenience.

The gaming event must be managed and operated by the regular members of the qualified organization, itself. The organization may not hire an outside company to do so on its behalf. See 13-205 and 13-1904(a).

A gaming event (including a benefit performance) that uses a gaming device, may award prize money or merchandise in an amount not greater than $1,000 per prize. See 13-204. See 13-1906(2).

Failure to follow the laws governing gaming events (e.g. benefit performances) is a misdemeanor, subject to jail time of up to 1 year or a fine not exceeding $1,000, or both. See 13-1907.

**Of Special Concern**
Traditionally, *Casino Nights* and *Raffles* have been popular events proposed by student organizations.

**Casino Nights**
A casino night is a type of benefit performance where a card game (i.e. poker, Texas Hold’Em, blackjack), wheel of chance or roulette is played AND where money winnings or tokens redeemable in money are awarded as prizes. See 13-1912(a)(1). **Under 13-1912(b), casino nights are prohibited.** However, by definition, casino nights do not include an event such as a carnival, fair or bazaar where the only form of gaming is a wheel of fortune, big wheel or other wheel of chance. See 13-1912(a)(2). In deciding whether a particular event is permitted, one focal point of the statute is whether there are *money winnings or tokens redeemable in money*. If the prizes awarded are not cash or tokens (i.e. chips) redeemable for cash, then the event is permitted – provided the student organization is a “qualified organization” and all net proceeds, if any, are used for authorized purposes. See 12-101(f), 13-201(c) and 13-1901(c).

**Raffles**
Raffles are one type of gaming event and specifically discussed under Sections 13-1908 to 13-1911.

**Raffles are permitted in Prince George’s County if they are conducted by a qualified County organization, the proceeds benefit that qualified organization and there is no personal or private benefit.** See 13-1908. Like other gaming events, the raffle must be
personally conducted and managed by regular members of the qualified organization. See 13-1909.

A permit from the Prince George’s County Department of Permitting, Inspections and Enforcement is required before conducting the raffle if the total cash value of the prize exceeds $200. See 13-1910. No permit is required when the total cash value of any prize is $199 or less. To acquire the permit, an Application for Permit for Benefit Performance/Charitable Gaming Event must be filed. A copy of the Application is provided here for your convenience.

For raffles, the total value of all cash prizes awarded may not exceed $5,000. There is no total limit on the value of merchandise prizes awarded or their cash equivalent. See 13-1911.

**In Conclusion**

An organization that meets the County requirements, including being based in Prince George’s County, may be eligible for a permit to operate a gaming event (i.e. benefit performance) or raffle if the event is for a charitable, benevolent, patriotic, educational, religious or civic purpose -- as long as it is not for the personal benefit of any member of the group or organization and the entity operates the event itself. In addition, unless the prize is <$200, a permit is required and may be acquired from the County’s Department of Environmental Resources for a prescribed fee.
Frequently Asked Questions on Raffles

Q- Are there rules to hold a raffle?
   A- Yes. A raffle is a type of gaming event or benefit performance. In most cases, anyone holding a raffle needs to get a permit from Prince George’s County in order to do so legally. These rules apply to student organizations and outside groups. They do not apply to the University. As a State agency, the University, itself, is exempt.

Q- Can anyone throw a raffle?
   A- No. The organization must be a qualified organization (i.e. non-profit) to be eligible to apply for such a permit. Written proof in the form of a copy of a written IRS ruling indication the non-profit status of the organization is required.

Q- What are the exceptions to the permitting requirement?
   A- A permit is not required if the cumulative value of the prizes is $199 or less. Keep in mind, even if the prizes are donated, they still have a dollar value based on their market value.

Q- What if I intend to hold a 50/50 raffle?
   A- A permit is still required if the raffle is to be of the 50/50 type.

Q- Where do I get the application needed in order to secure a permit?
   A- The Application for Permit for Benefit Performance/Charitable Gaming Event may be acquired from the Prince George’s County Department of Permitting, Inspections and Enforcement, Business Licensing Center, 9400 Peppercorn Place, 1st Floor, Largo, Maryland 20774; (301) 883-3840. It is open M-T-TH-F from 8:30am to 3:00pm. On Wednesdays, the office is open from 9:30am to 3:00pm. The directions on the Application are self-explanatory. A copy of the Application is provided here for your convenience.

Q- How much does a raffle permit cost?
   A- A fee of $15 by certified check/money order must accompany the Application. The check is to be made payable to “Prince George’s County”.

Q- Does the Application require any special signatures?
   A- Yes, the Application must be notarized.

Q- When do I need to get the permit?
   A- A permit must be in possession before the drawing is held.

Q- Are there any geographic limitations?
   A- The drawing has to occur in Prince George’s County; where each ticket is sold doesn’t matter.

Q- Is the raffle ticket price tax-deductible for the purchaser?
   A- NO! The IRS works under the assumption that those who purchase raffle tickets receive something of value in exchange for their money – the chance to win a prize. Therefore, the ticket price is not tax deductible as a charitable contribution. Your organization should refrain from referring to the ticket price as a “donation” or a “contribution” and should refrain from calling the buyers “contributors” or “donors.”

---

5 13-1910(a).
6 13-1910(c)