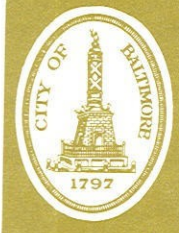


TJA

FROM	NAME & TITLE	THOMAS J. STOSUR, DIRECTOR
	AGENCY NAME & ADDRESS	DEPARTMENT OF PLANNING 417 E. FAYETTE STREET, 8 th FLOOR
	SUBJECT	CITY COUNCIL BILL #09-0290/ SIMULATED SLOT MACHINES- ZONING- LICENSING AND REGULATION-ADMISSION AND AMUSEMENT TAX

CITY of
BALTIMORE
MEMO



TO

DATE:

June 15, 2009

The Honorable President and
Members of the City Council
City Hall, Room 400
100 N. Holliday Street

At its regular meeting of June 11, 2009 the Planning Commission considered City Council Bill #09-0290, for the purpose of allowing a use of simulated slot machines, zoning, and licensing and regulation; and providing for a special effective date.

In its consideration of this Bill, the Planning Commission reviewed the attached staff report which recommended amendments to and approval of City Council Bill #09-0290 and adopted the following resolution, six members being present and (six in favor).

RESOLVED, That the Planning Commission concurs with the recommendation of its departmental staff, and recommends that City Council Bill #09-0290 be amended and passed by the City Council.

If you have questions, please contact Mr. Wolde Ararsa, Division Chief of Land Use and Urban Design Division, at 410-396-4488.

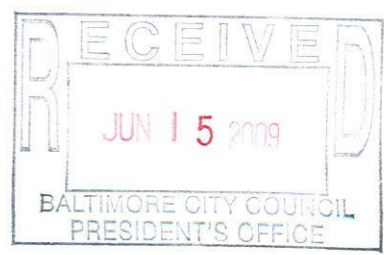
TJS/WA/ttl

Attachments

cc:

- Mr. Andrew Frank, Deputy Mayor
- Mr. Demuane Milliard, Chief of Staff
- Ms. Angela Gibson, Mayor's Office
- The Honorable Rochelle "Rikki" Spector, Council Rep. for Planning Commission
- Mr. David Tanner, BMZA
- Mr. Geoffrey Veal, Zoning Administration
- Ms. Nikol Nabors-Jackson, DHCD
- Mr. Larry Greene, Councilmanic Services

F/A





Sheila Dixon
Mayor

PLANNING COMMISSION

Wilbur E. "Bill" Cunningham, Chairman

STAFF REPORT



Thomas J. Stosur
Director

June 11, 2009

REQUEST: CCB #09-0290 / Simulated Slot Machines – Zoning – Licensing and Regulation – Admission and Amusement Tax:

For the purpose of modifying certain limitations on amusement devices as accessory uses in certain zoning districts; defining certain terms; modifying the license fee for certain amusement devices; exempting certain amusement devices from the admissions and amusement tax; providing for an award program for persons reporting unlicensed or unregistered amusement devices; providing for a special effective date; and generally relating to the zoning, licensing, regulation, and taxation of amusement devices.

RECOMMENDATION: Amendment and Approval, the amendment is as follows:

- That the text for the proposed changes to Article 15, *Licensing and Regulation*, §2-15 on page 7, lines 22 through 25 be amended to read as follows:
 - (1) The annual fee for a simulated slot machine amusement device license is as follows:
 - (I) FOR THE FIRST FIVE SIMULATED SLOT MACHINES: \$2,000 PER DEVICE;
 - (II) FOR THE SIXTH TO FIFTEENTH SIMULATED SLOT MACHINE: \$1,500 PER DEVICE; and
 - (III) FOR EACH SIMULATED SLOT MACHINE IN ADDITION TO THE FIRST FIFTEEN: \$1,000 PER DEVICE.
 - (2) The annual fee for any other amusement device license is \$180 per device.
 - (3) The fee for a transfer of a licensed device is \$10.

STAFF: Eric Tiso

PETITIONER: Councilmember Curran

CONFORMITY TO PLANS

This City Council Bill is consistent with the Comprehensive Master Plan's PLAY section, Goal Two, Objective 3 – improve local participation in City recreational activities.

ANALYSIS

Definitions: This bill proposes to define "Simulated Slot Machine" in Article 15 *Licensing and Regulation* of the City Code in a new §2-11.f to mean "... any amusement device equipped with a knock-off switch or knock-off button that enables an owner or custodian of the device to remove free plays or other game credits accumulated by a winning player." This definition will then be referenced in the Zoning Code as a new §1-189.1. These changes will establish a working definition for Simulated Slot Machines.

Number of Amusement Devices: The Maryland State Lottery game "Keno" will be added to the list of amusement devices on the accessory use list allowed in the Business and Industrial Zoning Districts. It will also increase the number of permitted accessory amusement devices from five to ten, of which no more than five will be simulated slot machines with other land uses that are determined by the Board of Municipal and Zoning Appeals (BMZA) to be entertainment, leisure, or recreation oriented. Then, for land uses that are not entertainment, leisure, or recreation oriented up to two amusement devices will be allowed instead of the existing standard which allows either one or two amusement devices based on square footage of the establishment. This change will remove a perceived unfair disadvantage for smaller establishments that have less than 600 square feet of floor area.

Existing License Fees and Taxes: License fees under the existing Article 15, §2-15.a now include an annual fee for an amusement device license of \$180 per device, and an annual fee for amusement device registration of \$200 plus \$50 per device. Above these City licensing and registration fees, each of these amusement devices is subject to a 10% amusement tax of the gross receipts (Art. 28 *Taxes* §19-1). The amusement tax revenue from all amusement devices is paid to the State of Maryland, and after processing, the revenue is returned to the City, less an administrative fee.

Proposed License Fees and Taxes: This bill proposed to exempt Simulated Slot Machines from the 10% amusement tax through a new §19-5 in Art. 28 *Taxes*. The annual license fees will then be set at \$3,000 per Simulated Slot Machine, and \$180 for any other device. The purpose of this change is to eliminate the difficulty of managing a taxation program where gross receipts may be under-reported. Instead, increasing the annual license fee will create a simpler program to manage that is expected to create a net budget gain upon implementation.

Bounty Program: This licensure program will be supported through a bounty program to be added to Article 15 as a new §2-17.1, that will award people reporting unlicensed devices up to 50% of the fines and penalties collected by the City as a result of enforcement brought by their report.

Amendment: An important concept behind the flat licensure fee is that the annual fee should be approximately equal to the amount of amusement tax paid under the current laws, if an amusement device were accurately reporting gross receipts. Following discussion with representatives of the industry on average incomes received, it may be better to revise the proposed annual license fees charged to \$2,000 per device for the first five devices, \$1,500 for the sixth to fifteenth device, and \$1,000 per device above the first fifteen. This change would result in a flat licensing fee that is approximately the same as what existing taxes and fees to