



*Gregory J. Swain, County Attorney*

## MEMORANDUM

**To:** Council Members, Anne Arundel County Council

**From:** Curran Ritter, Assistant County Attorney /s/

**Via:** Lori L. Blair Klasmeier, Deputy County Attorney /s/

**Date:** February 7, 2022

**Subject:** Bill No. 5-22, Licenses and Registrations – Amusements - Licensing of Coin-Operated Amusement Devices

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### Legislative Summary

This summary was prepared by the Anne Arundel County Office of Law at the request of Councilman Pruski for use by members of the Anne Arundel County Council during consideration of Bill No. 5-22.

#### Background.

Coin-Operated Amusement Devices, such as pinball machines, claw games, and arcade games, are regulated by the County Code under Title 2, Subtitle 5 of Article 11 of the Code. The Code establishes three classes of licenses for individuals engaged in operating or distributing Coin-Operated Amusement Devices: Class E, Class I, and Class FA. Class I licenses are required for the distribution, placing in operation, rental or lease of each Coin-Operated Amusement Device. A Class E license is required for each machine operated by the license holder on the license holder's premises. If nine or more devices are located in a single location, then the license holder may obtain a Class FA license to cover all of the devices and is then not required to obtain a Class E license for each device. Under the current licensing scheme, Class E licenses may only be issued to holders of Class I licenses, restrictions are placed on where Coin-Operated Amusement Devices may be located, and the aware of prizes is prohibited.

#### Purpose.

The purpose of the Bill is to narrow the definition of "Coin-Operated Amusement Device", amend and clarify the licensing provisions relating to operators and distributors of Coin-Operated Amusement Devices, remove the prohibitions on where a Coin-Operated Amusement Device may

be located, and allow Coin-Operated Amusement Devices to award prizes of minimal value.

**The Bill.**

**SECTION 1.**

**Section 11-2-501** is amended to exclude “electronic gaming devices”, as defined and regulated by the State Code, from the definition and licensing of “Coin-Operated Amusement Device”. “Electronic gaming devices” are extensively regulated, and generally prohibited, by State law.

**Section 11-2-502** is rewritten to change the nature of and requirements for the three classes of licenses. **Subsection (b)** is amended such that Class E licenses will now be issued by location rather than by device, and will be issued to the owner or operator of the location in which less than 20 (rather than less than 10) Coin-Operated Amusement Devices are operated. A Class I license will no longer be required to obtain a Class E license.

**Subsection 11-2-502(c)** is amended to clarify that a Class I license only applies to individuals who place Coin-Operated Amusement Devices in operation at locations not owned or operated by the licensee.

**Subsection 11-2-502(d)** is amended to increase the limit when a Class FA license is required to 20 devices in one location. The section is also amended to require only the owner or operator of the location where Coin-Operated Amusement Devices are located to obtain a Class FA license.

**Section 11-2-503** is amended to remove the location limitations and prize prohibition from the County Code. The section is then amended to allow for prizes of a minimal value to be awarded by Coin-Operated Amusement Devices per play.

**Subsection 11-2-504(b)** is amended to clarify that the Class E license fee remains the same at \$100 per device.

**Subsection 11-2-504(c)** is added to include language regarding the review of license applications, to establish the same review process for Class E licenses as exists for Class I and Class FA licenses.

**Subsection 11-2-504(d)** is renumbered from § 11-2-504(c) and amended to require a Class E license to be displayed on the wall of the location for which it is issued.

**Subsection 11-2-504(e)** is renumbered from § 11-2-504(d).

**Subsection 11-2-504(f)** is renumbered from § 11-2-504(e) and amended to allow agents of the County to request the license for the location.

**Subsection 11-2-504(g)** is renumbered from § 11-2-504(f) and amended to reflect the changes in Class E licenses from licensing by device to by location.

**Subsection 11-2-504(h)** is renumbered from § 11-2-504(g) and amended to reflect the changes in Class E licenses from licensing by device to by location.

**Subsection 11-2-504(i)** is renumbered from § 11-2-504(h) and amended to reflect the changes in Class E licenses from licensing by device to by location and allowing for redemption of confiscated devices by a licensee obtaining a Class E or Class FA license.

**Subsection 11-2-504(j)** is renumbered from § 11-2-504(i) and amended to remove the previous § 11-2-504(i) and replace it with a clarified suspension or revocation process that allows for a hearing prior to the County taking action on a license.

**Subsection 11-2-505(d)** is amended to require Class I licensees to maintain records of the locations at which devices are located.

**Subsection 11-2-505(e)** is repealed and replaced with a clarified suspension or revocation process that allows for a hearing prior to the County taking action on a license.

**Subsection 11-2-505(f)** is repealed.

**Subsection 11-2-506** is amended to add § 11-2-506(f) which adds a suspension or revocation process that allows for a hearing prior to the County taking action on a license.

**SECTION 2.** (uncodified) provides that the bill takes effect 45 days after it becomes law.

The Office of Law is available to answer any additional questions regarding this Bill. Thank you.