

Senator, Delegates, Commissioners and invited guests,

A few months ago we were asked by a group of class "D" license holders to check into the open practices of several class "C" (club nonprofit) license holders. A class "D" is an individual or corporation operating for profit. In doing so we found several clubs operating under an open door policy, just letting anyone frequent their establishments. This is clearly an infraction of the laws of the state and the county. The law states that "a club holding a Class "C" license is to be patronized by members and guests only and no club may hold itself out or advertise as being open to the general public. Under the "Open Door policy", clubs are not allowed to have their doors open to the general public. Some type of door security must be in place".

We, the Allegany County Board of License Commissioners held a meeting with all the holders of the "C" license to review the laws to make sure everyone was on the same page. At this meeting we informed the class "C" holders that we were going to enforce the laws that are on the books. We know that there is great concern about the fire companies and we as a board understand the concern, but a class "C" is a class "C" falling under the same laws. WE can't differentiate between one "C" and another "C". Possibly now is the time to create a new classification "FD" for the 8 fire companies with a "C" license. We do understand that all the fire companies operate differently with different officers and we do value their importance and

dedication to their communities. However, there still has to be guidelines to follow.

We have asked each "C" holder to furnish us with a form 990 at license renewal time. A 990 is a form that is sent to the IRS each year to ensure the NON PROFIT status of the club. The law states that "All Non Profit organizations must be accountable to the Board of License Commissioners for how the money is spent and all donations". We ask that this 990 be completed and signed by a CPA. However, we backed off knowing that this could be a financial burden on their organizations. Several months ago the Gaming Commission publicized in the Cumberland Times the taxes collected from all licensed establishment. Fire companies are exempt from these taxes but the other class "C" holders pay 10% of the net income from paper gaming to the county. They do not pay any income tax on their profits. Now we know that the for profit establishments pay 40% of their income from paper gaming and income tax on any profits. By law we are entitled to know where the 90% or the profit goes from the nonprofit clubs. We would like to publicize this club by club just as the Gaming Commission did. We think YOU and the general public have a right to know who is donating to what organization and how much. We understand that most Fraternal Clubs do whatever they can to support their community. Clubs should not be offended by our asking for a copy of their 990 forms. They should be proud of this form which would let the public know just what good they are doing for the community. If

they are not proud of the information on this form and they do not want it made public then there is a problem within their organization. Under Article 2B, & 1-102, "Club means an association or corporation which is organized and operated exclusively for educational, social, fraternal, patriotic, or athletic purposes and NOT for PROFIT. In Allegany County the Board of License Commissioners shall be the judge of whether such an establishment is operated in good faith".

We also ask each Club to notify us in writing, phone call or e-mail of any outside affair (wedding, class reunion, anniversary etc.). If a member of a club wishes to have a function with guests, this would be fine but a nonprofit club can't cater to the public. We have the right to scrutinize such an affair.

There was also a question concerning what constitutes a guest. The IRS says a guest must be invited by the member and all expenses must be paid by the member. If the facilities are open to the general public, the income may be subject to tax and affect their exempt status.

This whole thing snowballed because of the prompting of a few. All we wanted to do was reign in a few clubs that were operating blatantly outside the law. We called offenders in more than once and basically we were laughed at. We were told their policies would change but after further inspections we realized nothing had changed. As in most cases many have to suffer because of a few.

We would like to say as lifelong residents of Allegany County that there are many great clubs in our county. Many of those contribute greatly to the area by way of supporting education, social, fraternal, patriotic or athletic purposes. We also know the volunteer fire companies are invaluable to our area. We are not out to get these organizations. We may have to change the laws to support them but this can be done. Our problem is with the class "C" licensed clubs that are operating as restaurants and opening their facilities to the general public. Remember, NON PROFIT is the key word.

In closing Gentlemen, this Board feels that we are operating in the confines of the law and we stand behind our decisions. We understand there will be hurdles but we feel that we're up to the task. If you make new changes to the laws it's up to us to administer them. We thank you for inviting us to this forum.

Thank you