



HOUSE BILL 471: Felony Gaming Machines.

2017-2018 General Assembly

| | | | |
|-----------------------|--|---------------------|-----------------|
| Committee: | House Judiciary I | Date: | June 26, 2018 |
| Introduced by: | Reps. Millis, Destin Hall, Cleveland, Burr | Prepared by: | Erika Churchill |
| Analysis of: | Second Edition | | Staff Attorney |

OVERVIEW: *House Bill 471 would create a new Class G felony for opening, keeping or using two or more electronic machines or devices in a premises owned or controlled by the person opening, keeping or using those electronic machines or devices, and require forfeiture of those electronic machines or devices.*

CURRENT LAW:

Illegal Slot Machines (G.S. 14-296; G.S. 14-306): The general rule in North Carolina is that slot machines are illegal. A slot machine is any machine which can be activated by putting any "piece of money, coin, or other object" into the machine, which causes it to operate and the user will receive anything of "value or otherwise"—including additional rights to use the machine, sometimes referred to as credits. Any person who knowingly suffers to be opened, kept or used on their property, an illegal slot machine is guilty of a Class 2 misdemeanor. G.S. 14-297.

Legal Slot Machines (G.S. 14-306): All coin-operated machines, video games, pinball machines, and other computer, electronic or mechanical devices that meet all of the following criteria:

- Are operated and played for amusement.
- Involve the use of skill or dexterity to solve problems or tasks, or to make varying scores.
- Do not display, emit, or otherwise record anything which is capable of being redeemed for cash, prizes, or free replays.
- Limit the player to eight (8) credits or replays at one time, and which may award free replays or coupons that may be exchanged for prizes or merchandise with a value not exceeding \$10. The prize or merchandise may not be converted to money. Law requires a sticker to be attached noting that it is a criminal offense to exceed the \$10 value amount.

This does not apply to any machine that pays out in cash, or where any prizes, merchandise, credits, or replays are repurchased for cash, exchanged for anything worth more than \$10, or any type of cash payout whatsoever. Examples include:

- Vending machines – Insert a given amount in which is associated with a specific item which is dispensed every time.
- Juke boxes – Insert coins and hear music.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

House Bill 471

Page 2

Video Gaming Machines (G.S. 14-306.1A): It is illegal to operate, allow to be operated, place into operation, or keep in your possession for the purpose of operation a video gaming machine. The definition of a "video gaming machine" includes (i) slot machines, and (ii) other forms of electrical, mechanical, or computer games. It is a video machine that requires any method of payment to activate the game. Examples of video games are video poker (or any other kind of card game), video bingo, or any video game based on the random matching of different words, numbers, or symbols, and that is not dependent on the player's skill or dexterity. The statute specifically does not allow the exception to the slot machine law that allows for the pay-out of merchandise of a value of \$10 or less.

Server Based Game Promotions (G.S. 14-306.3): It is illegal to possess a game terminal with a display that simulates a game that is ordinarily played on a slot machine, or video gaming machine. However, the system must meet all four of the following criteria, or it is not covered under the law:

1. A database contains a pool of entries with each entry associated with a prize value.
2. Participants obtain a prepaid card.
3. With each prepaid card, the participant obtains one or more entries.
4. Entries are revealed: at a point-of-sale terminal, or at a game terminal with a display that simulates a game ordinarily played on a slot machine or a video gaming machine.

"Sweepstakes" machines (G.S. 14-306.4): It is unlawful for any person to operate, or place into operation, an electronic machine or device to do either of the following:

1. Conduct a sweepstakes through the use of an entertaining display, including the entry process or the reveal of a prize.
2. Promote a sweepstakes that is conducted through the use of an entertaining display, including the entry process or the reveal of a prize.

Each violation is a separate offense, and punishment is on a sliding scale:

- First Offense – Class 1 misdemeanor.
- Second Offense – Class H felony.
- Third or subsequent Offense – Class G felony.

The statute does not address possession of the electronic machine or device.

BILL ANALYSIS: The bill would create a Class G felony for opening, keeping, or using two or more electronic machines or devices in any part of a premises owned or controlled by the person opening, keeping or using the electronic machines. The electronic machines or devices in violation of this would be forfeited.

EFFECTIVE DATE: This section becomes effective December 1, 2018, and applies to offenses committed on or after that date.

BACKGROUND: A similar provision is contained in the second edition of House Bill 577, which is currently in conference committee.