



This Bill Analysis reflects the contents of the bill as it was presented in committee.

HOUSE BILL 511: Game Nights/Nonprofit Fund-Raiser.

2017-2018 General Assembly

Committee:	House Alcoholic Beverage Control.	If Date:	April 19, 2017
	favorable, re-refer to Judiciary III		
Introduced by:	Reps. Boles, Lucas, Saine, Floyd	Prepared by:	Susan Sitze
Analysis of:	First Edition		Staff Attorney

OVERVIEW: House Bill 511 would authorize nonprofit organizations to operate game nights, regulate game nights, and allow the consumption of alcoholic beverages at game nights.

CURRENT LAW:

- Under current law, it is a crime for any person or organization to operate a game of chance, or for any person to play at or bet on any game of chance at which money, property, or other thing of value is bet. The State Lottery and certain bingo games and raffles conducted by charitable tax exempt organizations are exempt from this prohibition. Violation of the gambling statute is punishable as a Class 2 misdemeanor.
- The State and the Eastern Band of Cherokee Indians entered into a Tribal-State Compact that authorized live table gaming on Indian lands. The Compact provides that if the State authorizes any live table gaming west of I-26, the payments to the State under the Compact would be forfeited. The funds go to the Indian Gaming Education Revenue Fund. The Fund provides local school administrative unit money for classroom teachers, teacher assistants, classroom materials or supplies, or textbooks.

BILL ANALYSIS:

- House Bill 511 would add a new Part 4 to Article 37 of Chapter 14, entitled "Game Nights." The bill would make it lawful for an exempt organization to conduct a game night at a qualified facility. An exempt organization is defined as a tax exempt organization that has been in continuous existence in the county of operation of the game night for at least five years. A qualified facility is defined as a facility that has an on-premises malt beverage permit, an on-premises unfortified wine permit, and on-premises fortified wine permit, or a mixed beverage permit.
- The exempt organization must obtain a permit from the State Alcohol Law Enforcement (ALE) Section or the ALE district office where the qualified facility is located. The exempt organization must pay a permit fee of \$250 to ALE for each game night event.
- The bill limits the number of game nights an exempt organization may sponsor to no more than four per year and no more than one per quarter. There are additional restrictions on the number of events that can be held at one location and certain times of day game nights cannot occur. No cash prizes can be awarded at a game night event.
- Only the following games may be played at a game night event: Roulette, Blackjack, Poker, Craps, Simulated Horse Race, and Merchandise wheel of fortune.

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House Bill 511

Page 2

- Any proceeds from the game night must be used to further the organization's tax-exempt purposes. Violation of any of the provisions of this new Part is a violation of the gambling statute.
- The new law would only be applicable in areas of the State located east of I-26. This is necessary so that the State does not negate the provision in the Tribal-State compact that provides a percentage of the revenue from live table games to the Indian Gaming Education Revenue Fund
- A qualified facility may host a game night that is sponsored by an exempt organization. However, an ABC permittee may not serve as the sponsor of a game night. The game night must be operated in accordance with the permit issued to the exempt organization and must take place in a private room or other area of the qualified facility that is not accessible to the general public.
- A qualified facility that has been convicted of any ABC violation or has had its permits suspended or revoked within the past two years may not host a game night event. A qualified facility may not host more than two game nights in a calendar month. A qualified facility or an exempt organization that violates this provision is guilty of a Class 2 misdemeanor.
- Section 5 of the bill directs the Department of Public Safety to make a report to the 2019 General Assembly detailing the administration of game night event permits and including any recommended proposed legislation the Department deems appropriate.

EFFECTIVE DATE: The act would become effective October 1, 2017. If any portion of the act is held to be unconstitutional, or would result in the loss of payments to the State under a Tribal-State Compact, then the act is void.