



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

2017-2018 General Assembly

Committee:	House Finance	Date:	May 24, 2017
Introduced by:	Reps. Boles, Lucas, Saine, Floyd	Prepared by:	Greg Roney Committee Counsel
Analysis of:	Second Edition		

OVERVIEW: *House Bill 511 would authorize tax-exempt organizations to operate game nights where games of chance are played and prizes are awarded by raffle at facilities serving alcoholic beverages.*

House Bill 511 would impose a \$100 application fee for a game night permit. The fees are payable to the Alcohol Law Enforcement Branch (ALE) of the Department of Public Safety and used by ALE to defray the costs of issuing game night permits.

CURRENT LAW: G.S. 14-292 creates a criminal offense punishable as a Class 2 misdemeanor for operating a game of chance or playing a game of chance where money or anything of value is bet, excluding the NC State Lottery, Class III Tribal-State Gaming Compact, beach bingo games, bingo games by tax-exempt organizations, and raffles by tax-exempt organizations.

G.S. 18B-308 prohibits selling or consuming any alcoholic beverage during a raffle, bingo game, or beach bingo game.

G.S. 14-309.7 authorizes \$200 annual fee for a bingo game license for a tax-exempt organization payable to the State Bureau of Investigation to defray the cost of issuing bingo licenses and handling bingo audit reports.

G.S. 14-309.14 authorizes \$300 annual fee for a beach bingo license payable to the State Bureau of Investigation to defray the cost of issuing beach bingo licenses and handling enforcement.

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 funds to local school administrative unit for classroom teachers, teacher assistants, classroom materials, supplies, and textbooks.

BILL ANALYSIS: House Bill 511 would add a new exception to the gambling prohibition in G.S. 14-292 to allow "Game Nights" under a new Part 4 to Article 37 of Chapter 14. Specifically, House Bill 511 would allow a tax-exempt organization to conduct a game night where games of chance are played and prizes are awarded by raffle at facilities serving alcoholic beverages.

The tax-exempt organization must have operated continuously in the county for 5 years and be exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(5), or 501(c)(6) of the federal Internal Revenue Code. A qualified facility must have 1 of the following permits: on-premises malt beverage, on-premises unfortified wine, on-premises fortified wine, or mixed beverages.

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The tax-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 application fee is \$100 to ALE for each game night event.

House Bill 511 limits an organization to no more than 4 game nights per year and no more than 1 per quarter. The maximum duration of each game night is 5 hours.

House Bill 511 limits a qualified facility to no more than 2 game nights per month, no more than 2 events per week, and same-week events must be held by different organizations on different nights. There are additional restrictions on the time of day for game nights.

No cash prizes can be awarded at a game night event. Prizes are awarded through a raffle. Participants may exchange chips, markers, or tokens from the game night event for raffle tickets. The cost of the prizes and expenses (excluding food, beverages, entertainment) must not exceed the proceeds from the event. Any game night vendor must receive a fixed fee. Any proceeds from the game night must be used to further the organization's tax-exempt purposes.

The following games are the only games allowed: roulette, blackjack, poker, craps, simulated horse race, merchandise wheel of fortune, and any other game specified in the permit application and approved by ALE.

House Bill 511 would only be applicable in areas of the State located east of I-26. This geographic limit matches the Tribal-State Compact.

Section 4 directs the Department of Public Safety to make a report to the 2019 General Assembly detailing the administration of game night event permits, including any recommendations or proposed legislation.

EFFECTIVE DATE: House Bill 511 would become effective October 1, 2017. If any portion of the act is held to be unconstitutional or would forfeit payments under a Tribal-State Compact, then the act is void.

Susan L. Sitze with the Legislative Analysis Division substantially contributed to this summary.