



# HOUSE BILL 929: Gaming Commission.

2019-2020 General Assembly

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<b>Committee:</b>	House Judiciary. If favorable, re-refer to Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	June 13, 2019
<b>Introduced by:</b>	Reps. Warren, Hardister, Saine, Hunter	<b>Prepared by:</b>	Susan Sitze* Staff Attorney
<b>Analysis of:</b>	PCS to Second Edition H929-CSSAf-46		

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**OVERVIEW:** *The Proposed Committee Substitute (PCS) for House Bill 929 would establish the North Carolina Gaming Commission (Commission).*

**The PCS removes provisions related to fantasy sports that were in the 2nd Edition of the bill and makes other changes.**

**CURRENT LAW:** Currently, various General Statutes regulate bingo, raffles, boxing, and the North Carolina State Lottery. Except as permitted under laws regulating bingo, raffles, and the State Lottery, G.S. 14-292 makes it a Class 2 misdemeanor for any person or organization to operate any game of chance or for any person to play at or bet on any game of chance at which any money, property, or other thing of value is bet.

## **BILL ANALYSIS:**

**Section 1** of the PCS would do the following:

- Recodify the statutes governing Bingo and Raffles, the Regulation of Boxing, and the North Carolina State Lottery into a new Chapter 18E entitled "Gaming."
- Authorize the Revisor of Statutes to change all old statute references and make additional organization, clarifying, and technical changes.

**Section 2** of the PCS would create a new Chapter 18E, Gaming, in the General Statutes. The new Chapter would do the following:

- Create a 9 member Gaming Commission (Commission), located within the Department of Commerce, to establish and oversee the operation of gaming in the State, and comprising:
  - 5 members appointed by the Governor, 2 appointed by the President Pro Tempore of the Senate, and 2 appointed by the Speaker of the House of Representatives.
  - Members would serve terms four-year terms, the initial terms of the Governor's appointees would be staggered, and appointees would be prohibited from serving more than 2 successive terms and must meet at least quarterly.
  - Set out qualifications for the Commission members.
  - Legislators or former legislators would be prohibited from serving on the Commission while in office or within 12 months of leaving office.
- Require Commission records to be open and available to the public.

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- Set out powers and duties of the Commission which would include:
  - Regulating and overseeing gambling.
  - Prescribing the nature of gaming advertising, which must meet specific requirements.
  - Charging licensees and contractors fees for criminal record checks.
  - Specifying the number and value of prizes for winning tickets or share in lottery games.
- Require the Commission to send quarterly and annual reports on their operations to the Governor, State Treasurer, and to the General Assembly.
- Require the State Auditor to conduct annual audits of all accounts and transactions of the Commission.
- Require a biennial comprehensive study and evaluation of all aspects of security in the operation of the Commission by an independent security firm, with a portion of the report being presented to the Commission, Governor, and General Assembly.
- Require a biennial audit of the lottery by an independent auditing firm, with results submitted to the Commission, Governor, and General Assembly.
- Allow the Commission to apply to superior court for an injunction to restrain any person from violating the Gaming Chapter.
- Allow the Commission to investigate, if it has reasonable cause to believe a violation of the Gaming Chapter has occurred.
- Allow the Commission or ALE to inspect an establishment of a licensee during normal business hours.
- Require the Commission to select a Director to operate and administer its functions and serve as Secretary of the Commission.
- Sets out the Director's power and duties, including setting salaries of Commission employees, entering into contracts upon Commission approval, and providing monthly financial reports to the Commission.
- Set out requirements for the Director and Commission employees, including that they not have any financial interest in any licensee or contractor and prohibiting them from representing any licensee or contractor before the Commission for 1 year following termination of employment with the Commission.
- Prohibit any Commissioner, the Director, any employee of the Commission, or any member of the immediate family residing in the same household from accepting any type of gift or service from any person regulated by the Gaming Chapter, excluding food and beverages having an aggregate value not exceeding \$100 in any calendar year.

**Section 3** of the PCS would repeal statutes establishing the North Carolina State Lottery Commission.

**Section 4** of the PCS would amend 18B-500(b) to make alcohol law enforcement agents responsible for enforcing gaming laws.

**Section 5** of the PCS would require the North Carolina Gaming Commission to study the feasibility of authorizing sports betting, steeplechases, and video lottery terminals to operate in the State and report those findings to the Joint Legislative Oversight Committee on the State Lottery on or before February 15, 2020.

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**Section 6** of the PCS would specify that each commission, board, or other function of State government transferred to the Commission is a continuation of the former entity for purposes of succession to all rights, powers, duties, and obligations of the former.

**Section 7** of the PCS would provide that no action or proceeding pending on August 31, 2019, brought by or against the North Carolina Lottery Commission, the SBI, the ALE, or the Boxing Advisory Commission is affected by any provision of this act, but may be prosecuted or defended in the name of the North Carolina Gaming Commission. Any business or contract transferred by this act to the Commission, which is pending on August 31, 2019, may be conducted and completed by the Commission in the same manner and under the same terms and conditions.

**Section 8** of the PCS would provide that consolidation provide for under this act will not affect any ongoing investigation or audit and prosecutions for offenses or violations committed on or before August 31, 2019, are not abated or affected by this act.

**Section 9** of the PCS would provide that any rules, forms, policies, procedures, and guidance adopted by the North Carolina Lottery Commission, the SBI, ALE, or the Boxing Advisory Commission shall remain in effect until amended or repealed by the Commission.

**Section 10** of the PCS would transfer authority, power, duties and functions, records, personnel, property, and unexpended balances of appropriations, allocation, or other funds of the North Carolina Lottery Commission, of the bingo and raffle functions of the SBI, of the boxing regulatory functions of the ALE, and of the Boxing Advisory Commission to the North Carolina Gaming Commission, as created by this act.

**Sections 11, 13, and 14** of the PCS would transfer the appropriations and resources of the North Carolina Lottery Commission, the bingo and raffle functions of the SBI, the boxing regulatory functions of the ALE, and the Boxing Advisory Commission to the North Carolina Gaming Commission.

**Section 12** of the PCS would provide that the members of the North Carolina Lottery Commission shall operate as the North Carolina Gaming Commission until the Governor and General Assembly have appointed the membership of the Gaming Commission.

**Section 15** of the PCS would require the North Carolina Gaming Commission to report to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Lottery Oversight Committee on or before April 1, 2020, and again on or before March 1, 2021, as to recommendations for statutory changes necessary to further implement the consolidation.

**EFFECTIVE DATE:** This act would become effective September 1, 2019.

*\*Amy Darden, Staff Attorney, substantially contributed to this summary.*