



SENATE BILL 574: Gaming Commission.

2019-2020 General Assembly

Committee: Senate Judiciary	Date: August 6, 2019
Introduced by: Sens. J. Davis, Krawiec, Woodard	Prepared by: Amy Darden
Analysis of: Third Edition	Committee Counsel

OVERVIEW: *Senate Bill 574 would establish the North Carolina Gaming Commission (Commission).*

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 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 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.
 - Require the Commission to 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.
- Set out powers and duties of the Commission which would include:
 - Regulating and overseeing gambling.

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- 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.
- Set 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 would repeal statutes establishing the North Carolina State Lottery Commission.

Section 4 would clarify the jurisdiction of ALE agents to include any criminal offense:

- At a location related to a permit issued by the Alcoholic Beverage Control Commission (ABC) or the North Carolina Gaming Commission.
- Encountered by an ALE agent acting on behalf of the ABC Commission or the North Carolina Gaming Commission.
- Encountered while an ALE agent is carrying out a duty assigned by the ALE Division or by law.
- Occurring in the presence of an ALE agent.

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- Occurring while an ALE agent is assisting another law enforcement agency.

Section 5 would require the North Carolina Gaming Commission to study the feasibility of authorizing sports betting and steeplechases 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.

Section 6 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 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 would provide that consolidation provided 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 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 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 and 13 would transfer the appropriations and resources of the North Carolina Lottery Commission and the bingo and raffle functions of the SBI to the North Carolina Gaming Commission.

Section 12 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 14 would transfer the appropriations and resources of the ALE Branch of the Department of Public Safety and the Boxing Advisory Commission to the North Carolina Gaming Commission. It would also would allow the following three receipt-supported positions within ALE Division of Department of Public Safety (DPS) to be converted to General Fund support within funds available to the Division:

- Administrative Specialist (Position 60084337)
- Special Agent (Position 60084392)
- Special Agent in Charge (Position 60084305)

The bill would also specifically transfer the following positions, currently within the ALE Division of DPS, to the North Carolina Gaming Commission:

- Administrative Specialist II (Position 60084319)
- Administrative Specialist (Position 60084390)
- Administrative Specialist (Position 65024367)

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Section 15 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 bill would become effective September 1, 2019.