



SENATE BILL 66: Allow Game Nights.

2019-2020 General Assembly

Committee:	Senate Commerce and Insurance. If favorable, re-refer to Finance. If favorable, re-refer to Rules and Operations of the Senate	Date:	March 6, 2019
Introduced by:	Sens. Gunn, McInnis, J. Alexander	Prepared by:	Amy Darden Committee Counsel
Analysis of:	PCS to First Edition S66-CSBB-1		

OVERVIEW: *The Proposed Committee Substitute for Senate Bill 66 would make the following changes to the laws regarding fundraising by nonprofit and tax-exempt organizations:*

- *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.*
- *Impose a \$100 application fee for a game night permit. The fee would be 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.*
- *Increase the number of raffles that a nonprofit organization could hold each year from two to four.*

The PCS for Senate Bill 66 specifically changes the following:

- *Requires permit applicants to submit their application to ALE Headquarters.*
- *Clarifies that there can be no cash prizes for employer or trade association events.*
- *Specifically prohibits slot machines, video gaming machines, and electronic sweepstakes machines.*

[As introduced, this bill was identical to H130, as introduced by Reps. Boles, Lucas, Saine, Floyd, which is currently in an unknown committee.]

CURRENT LAW and BILL ANALYSIS:

Sections 1 through 4

Under 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, the Class III Tribal-State Gaming Compact, beach bingo games, bingo games by tax-exempt organizations, and raffles by tax-exempt organizations. Additionally, G.S. 18B-308 prohibits selling or consuming any alcoholic beverage during a raffle, bingo game, or beach bingo game.

The State and the Eastern Band of Cherokee Indians entered into a Tribal-State Compact that authorized live table gaming on Indian lands. The Tribal-State Compact provides that if the State authorizes any live table gaming west of I-26, the payments to the State under the Tribal-State Compact would be forfeited. The funds go to the Indian Gaming Education Revenue Fund. The Fund provides funds to local school

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

Senate PCS 66

Page 2

administrative units for classroom teachers, teacher assistants, classroom materials, supplies, and textbooks.

Sections 1 through 3 of the PCS 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, the PCS would allow tax-exempt organizations 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.

The tax-exempt organization must obtain a permit from the State Alcohol Law Enforcement (ALE) Headquarters. The application fee is \$100 to ALE for each game night event.

An organization is limited 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.

A qualified facility may host 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.

Employers with 25 or more employees and trade associations with 25 or more members would also be allowed to conduct game nights for their employees or members and guests. No cash prizes can be awarded at these events either.

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

The Bill also clarifies that slot machines, video gaming machines, and electronic sweepstakes machines are specifically prohibited.

Section 4 directs the Department of Public Safety to make a report to the 2020 General Assembly detailing the administration of game night event permits, including any recommendations or proposed legislation.

EFFECTIVE DATE: This act would become effective May 1, 2019. If any portion of Sections 1 through 4 of this act is held to be unconstitutional or would cause the State to forfeit payments under a Tribal-State Compact, then Sections 1 through 4 of the act are void.