

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 130*
Committee Substitute Favorable 2/27/19
Committee Substitute #2 Favorable 3/20/19

Short Title: Allow Game Nights.

(Public)

Sponsors:

Referred to:

February 21, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE NONPROFIT ORGANIZATIONS TO OPERATE "GAME
3 NIGHTS," TO PROVIDE FOR THE REGULATION OF NONPROFIT ORGANIZATIONS
4 HOLDING "GAME NIGHTS," AND TO ALLOW THE CONSUMPTION OF
5 ALCOHOLIC BEVERAGES AT "GAME NIGHTS."

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 14-292 reads as rewritten:

8 "**§ 14-292. Gambling.**

9 Except as provided in Chapter 18C of the General Statutes or in Part 2 or Part 4 of this Article,
10 any person or organization that operates any game of chance or any person who plays at or bets
11 on any game of chance at which any money, property or other thing of value is bet, whether the
12 same be in stake or not, shall be guilty of a Class 2 misdemeanor. This section shall not apply to
13 a person who plays at or bets on any lottery game being lawfully conducted in any state."

14 **SECTION 2.** Article 37 of Chapter 14 of the General Statutes is amended by adding
15 a new Part to read:

16 "Part 4. Game Nights.

17 "**§ 14-309.25. Definitions.**

18 The following definitions apply in this Part:

19 (1) Exempt organization. – An organization that has been in continuous existence
20 in the county of operation of the game night for at least five years and that is
21 exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(5), or
22 501(c)(6) of the United States Internal Revenue Code.

23 (2) Game night. – A specific event at which games of chance are played and prizes
24 are awarded by raffle and that is sponsored by or on behalf of an exempt
25 organization for the primary purpose of raising funds for the exempt
26 organization or is sponsored by an employer or trade association pursuant to
27 G.S. 14-309.34.

28 (3) Local law enforcement agency. – Any county or municipal law enforcement
29 agency that has territorial and subject matter jurisdiction over the location at
30 which the game night is being held.

31 (4) Qualified facility. – As defined in G.S. 18B-1000.

32 "**§ 14-309.26. Game nights.**

33 (a) It is lawful for an exempt organization to conduct a game night at a qualified facility
34 in accordance with the provisions of this Part. It is lawful for persons to participate in a game



1 night conducted pursuant to this Part. It shall not constitute a violation of any State law to
2 advertise a game night conducted in accordance with this Part.

3 (b) If any exempt organization conducts a game night in violation of any provision of this
4 Part, the person indicated in G.S. 14-309.27(b)(2) is guilty of a Class 2 misdemeanor. In addition
5 to any fine that may be imposed, an exempt organization convicted of a violation under this Part
6 shall not conduct a game night for a period of one year from the date of the conviction.

7 **"§ 14-309.27. Permit procedure.**

8 (a) An exempt organization shall not operate a game night without first obtaining a permit
9 as provided by this Part. The application for a game night permit shall be on a form prescribed
10 by the Alcohol Law Enforcement Branch of the Department of Public Safety and shall be
11 submitted to the Alcohol Law Enforcement Headquarters at least 30 days in advance of the date
12 for the game night event.

13 (b) Each application for a permit under this Part shall contain the following information:

14 (1) The name and address of the exempt organization that is applying for the
15 permit.

16 (2) The name, address, and signature of the person applying on behalf of the
17 exempt organization and who will be responsible for the event.

18 (3) Verification of the tax-exempt status of the exempt organization, except, if the
19 applicant is a local chapter, division, lodge, or branch of the exempt
20 organization, then verification of the tax-exempt status of the parent
21 organization.

22 (4) Verification of the exempt organization's status as a licensed or exempt
23 charitable or sponsor organization pursuant to Chapter 131F of the General
24 Statutes.

25 (5) The time, duration, date, and place of the event.

26 (6) The games proposed to be operated.

27 (7) The name and address of the person, firm, or corporation who will operate the
28 games and the relationship, if any, of such person, firm, or corporation to the
29 exempt organization or qualified facility.

30 (8) The area of the premises in which the event will be held.

31 (c) A separate application shall be required for each game night event. A fee of one
32 hundred dollars (\$100.00) shall be charged for each permit. The permit fees assessed under this
33 Part are payable to the Alcohol Law Enforcement Branch of the Department of Public Safety and
34 shall be collected and used by the Alcohol Law Enforcement Branch to defray the costs of issuing
35 game night permits. The permit shall be displayed at the event. A qualified facility shall not be
36 subject to civil or criminal liability for violating this Part if the exempt organization provides the
37 facility with a permit for the game night event.

38 **"§ 14-309.28. Limits on game night events.**

39 The following limitations apply to game night events:

40 (1) The number of game night events conducted or sponsored by an exempt
41 organization shall be limited to four events per year.

42 (2) The event shall not exceed a period of five hours each per event. No more than
43 one game night event shall be held in any quarter of a calendar year that begins
44 January 1.

45 (3) No more than two game night events shall be operated or conducted in any
46 one building, hall, or structure during any one calendar week, and if two events
47 are held, they must be held by different exempt organizations on different
48 nights of the week.

49 (4) There shall be no operation of a game night event between the hours of 2:00
50 A.M. and 12:00 noon Monday through Saturday or between the hours of 2:00
51 A.M. and 2:00 P.M. Sunday.

(5) A qualified facility, as defined in G.S. 18B-1000(5a), shall not host more than two game nights in any calendar month.

"§ 14-309.29. Game night; prizes and costs.

(a) Prizes. – No games at a game night event may be played for cash or a cash prize. Prizes shall be awarded only through a raffle. Participants may exchange chips, markers, or tokens from the game night event for raffle tickets. For purposes of this subsection, the term "cash prize" includes gift cards that are issued by a financial institution or its operating subsidiary and that are usable at multiple unaffiliated sellers of goods or services.

(b) Costs. – The cost of the prizes and expenses to operate the game night event, excluding the cost of food, beverages, and entertainment, shall not exceed the proceeds derived from the event. If the exempt organization hires a game night vendor for the event, payment shall be by fixed fee.

"§ 14-309.30. Operation of game night events.

The following games are the only games that may be played at a game night event:

- (1) Roulette.
- (2) Blackjack.
- (3) Poker.
- (4) Craps.
- (5) Simulated horse race.
- (6) Merchandise wheel of fortune.

"§ 14-309.31. Use of proceeds.

The exempt organization may use its own funds or funds received in connection with the game night for prizes, advertising, utilities, space rental, and the purchase or rental of supplies and equipment, including game night tables and related equipment, used in conducting the games. Net proceeds from the game night shall inure to the benefit of the exempt organization and shall be used to further the organization's tax-exempt purposes.

"§ 14-309.32. Violation is gambling.

A game night conducted other than in accordance with the provisions of this Part is "gambling" within the meaning of G.S. 14-292 and G.S. 19-1, et seq., and proceedings against such game night may be instituted as provided for in Chapter 19 of the General Statutes.

"§ 14-309.33. Applicability.

This Part is only applicable in areas of the State located east of I-26 as that interstate highway was located on November 28, 2011.

"§ 14-309.34. Applicability to employer paid events.

(a) It shall be lawful (i) for an employer, with 25 or more employees, to hold a game night event for employees and guests or a trade association, with 25 or more members, to hold a game night event for its members and guests, and (ii) for persons to participate in a game night conducted pursuant to this section, provided all of the following conditions are met:

- (1) There is no cost or charge to the attendees.
- (2) The employer or trade association obtains a permit and pays the required fee, as provided in G.S. 14-309.27.
- (3) The game night event is held at a qualified facility.

(b) Game night events conducted pursuant to this section shall be subject to the limitations of G.S. 14-309.28, 14-309.29(a), and 14-309.30.

(c) For purposes of this section, any reference to "exempt organization" in G.S. 14-309.27 shall include the employer or trade association submitting an application as required by this section, except that the verification required by subdivisions (3) and (4) of subsection (b) of G.S. 14-309.27 shall not be required from an applicant for a permit if the applicant is required to obtain the permit pursuant to subsection (a) of this section.

(d) If any employer or trade association conducts a game night in violation of any provision of this section, the person indicated in G.S. 14-309.27(b)(2) is guilty of a Class 2

1 misdemeanor. In addition to any fine that may be imposed, the employer or trade association
2 convicted of a violation of this section shall not conduct a game night for a period of one year
3 from the date of the conviction.

4 **"§ 14-309.35. Registration, possession, and transportation of gaming equipment.**

5 (a) Notwithstanding the provisions of G.S. 14-295 or G.S. 14-297, it shall be lawful to
6 possess or transport gaming tables and other gaming equipment, if the possession or
7 transportation is solely for use in game night events conducted pursuant to this Part. Gaming
8 tables and other gaming equipment possessed or transported pursuant to this Part shall not be
9 subject to seizure pursuant to G.S. 14-298 if they have been registered pursuant to the provisions
10 of this Article and are used solely in game night events conducted pursuant to this Part.

11 (b) A gaming table or other gaming equipment possessed or transported for use in a game
12 night event must be registered with the Alcohol Law Enforcement Branch of the Department of
13 Public Safety and must have a sticker affixed with a unique number. A fee of twenty-five dollars
14 (\$25.00) shall be charged for each sticker and each sticker shall be renewed annually. The sticker
15 fees assessed under this section are payable to the Alcohol Law Enforcement Branch of the
16 Department of Public Safety and shall be collected and used by the Alcohol Law Enforcement
17 Branch to defray the costs of registering the gaming tables and gaming equipment. The Alcohol
18 Law Enforcement Branch may inspect, without prior notice, any gaming table or other gaming
19 equipment used in a game night event at any time immediately prior to or during the game night
20 event. Use of a gaming table or gaming equipment in a game night event that does not comply
21 with the requirements of this subsection shall be a Class 1 misdemeanor.

22 **"§ 14-309.36. Permit procedure for game night vendors.**

23 (a) No person, firm, or corporation may receive compensation for providing gaming
24 tables or gaming equipment for use in a game night without first obtaining a permit as provided
25 by this section. The application for a game night vendor permit shall be on a form prescribed by
26 the Alcohol Law Enforcement Branch of the Department of Public Safety and shall be submitted
27 to the Alcohol Law Enforcement Headquarters.

28 (b) A fee of two thousand five hundred dollars (\$2,500) shall be charged annually for
29 each permit. The permit fees assessed under this section are payable to the Alcohol Law
30 Enforcement Branch of the Department of Public Safety and shall be collected and used by the
31 Alcohol Law Enforcement Branch to defray the costs of issuing game night vendor permits and
32 ensuring compliance with this section. The game night vendor permit shall be displayed at any
33 event the game night vendor conducts.

34 (c) The Alcohol Law Enforcement Branch shall deny a permit to a person, firm, or
35 corporation that meets any of the following disqualifying conditions:

- 36 (1) Has a conviction for any violation of State or federal gambling laws within
37 the five years prior to the date of application.
- 38 (2) Has pending charges for any violation of State or federal gambling laws.
- 39 (3) Is subject to an active criminal or civil court order prohibiting involvement in
40 gambling activities.
- 41 (4) Has a conviction for any felony.

42 (d) A person, firm, or corporation with a game night vendor permit may not employ a
43 person that meets any of the following disqualifying conditions:

- 44 (1) Has a conviction for any violation of State or federal gambling laws within
45 the five years prior to the date of employment.
- 46 (2) Has pending charges for any violation of State or federal gambling laws.
- 47 (3) Is subject to an active criminal or civil court order prohibiting involvement in
48 gambling activities.
- 49 (4) Has a conviction for any felony.

50 (e) All gaming tables and gaming equipment owned or possessed by a game night vendor
51 must be registered pursuant to G.S. 14-309.35. The Alcohol Law Enforcement Branch of the

1 Department of Public Safety shall inspect the gaming tables and equipment of each game night
2 vendor at least four times per calendar year and may conduct any additional inspections
3 reasonably necessary to ensure compliance with G.S. 14-309.35 and this section. Inspections of
4 gaming tables and equipment shall occur (i) on the premises of a game night event that the game
5 night vendor has been employed to conduct, (ii) immediately prior to or during the game night
6 event, (iii) at locations, times, and dates chosen by the Alcohol Law Enforcement Branch, and
7 (iv) without prior notice to the game night vendor or any party that has obtained a permit pursuant
8 to G.S. 14-309.27.

9 **"§ 14-309.37. Slot machines, video gaming machines, electronic sweepstakes machines not**
10 **authorized.**

11 Nothing in this Part shall be construed to authorize the possession, transportation, or use of
12 any slot machine, video gaming machine, or electronic machine or device prohibited pursuant to
13 G.S. 14-304 through 14-309."

14 **SECTION 3.** G.S. 18B-1000 reads as rewritten:

15 **"§ 18B-1000. Definitions concerning establishments.**

16 The following requirements and definitions shall apply to this Chapter:

17 ...

18 (5a) Qualified facility. – A facility that has any of the following permits:

- 19 a. On-premises malt beverage.
- 20 b. On-premises unfortified wine.
- 21 c. On-premises fortified wine.
- 22 d. Mixed beverages.

23 ~~(5a)~~(5b) Residential private club. – A private club that is located in a privately
24 owned, primarily residential and recreational development.

25"

26 **SECTION 4.** The Department of Public Safety shall make a report to the 2020
27 Regular Session of the General Assembly detailing the administration of game night event
28 permits, including the total number of applications received by permittee type, the total number
29 of permits issued, the number of ABC violations reported at establishments that hosted game
30 night events, and any other information the Department deems appropriate to report regarding
31 this act, and shall provide a recommendation as to whether the General Assembly should modify
32 this act. If the recommendation is to modify this act, the Department of Public Safety shall submit
33 recommended proposed legislation to the 2020 Regular Session of the General Assembly.

34 **SECTION 5.** This act becomes effective May 1, 2019. If a final order by a court of
35 competent jurisdiction finds that any portion of Sections 1 through 4 of this act is
36 unconstitutional, or if the passage of Sections 1 through 4 of this act would cause the State to
37 forfeit payments due under a compact entered into between the State and a federally recognized
38 Indian tribe, Sections 1 through 4 of this act are void.