



# NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

## Legislative Fiscal Note

**Short Title:** Allow Game Nights.  
**Bill Number:** Senate Bill 66 (Second Edition)  
**Sponsor(s):**

### SUMMARY TABLE

	FISCAL IMPACT OF S.B.66, V.2				
	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
<b>State Impact</b>					
General Fund Revenue	20,800.0	20,800.0	20,800.0	20,800.0	20,800.0
<u>Less Expenditures</u>	<u>54,209.0</u>	<u>53,709.0</u>	<u>53,709.0</u>	<u>53,709.0</u>	<u>53,709.0</u>
<b>General Fund Impact</b>	<b>(33,409.0)</b>	<b>(32,909.0)</b>	<b>(32,909.0)</b>	<b>(32,909.0)</b>	<b>(32,909.0)</b>
<b>NET STATE IMPACT</b>	<b>(\$33,409.0)</b>	<b>(\$32,909.0)</b>	<b>(\$32,909.0)</b>	<b>(\$32,909.0)</b>	<b>(\$32,909.0)</b>
<b>STATE POSITIONS</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>

### FISCAL IMPACT SUMMARY

This bill may increase the workload for the Alcohol Law Enforcement Branch (ALE). Based on ALE’s estimates, the fees included in the bill could result in close to \$21,800 in increased receipts for ALE. \$500 of these receipts will be required for equipment, plus \$300 annually for maintenance of that equipment. The remainder of these receipts could be used to partially offset the administrative costs of implementation, including the addition of a partially receipt-supported civilian administrative position.

### FISCAL ANALYSIS

The bill allows certain organizations to host “game night” fundraising events. These are events at which participants play games of chance (specifically, roulette, blackjack, poker, craps, simulated horse races, merchandise wheels of fortune, and other games authorized by ALE), with prizes awarded by raffle. Tax-exempt non-profit organizations that have been in existence in their county of operation for at least five years and employers with more than 25 employees or trade associations with more than 25 members may host game nights under certain conditions, most notably that the event must be held at a qualified facility. “Qualified facilities” are defined as those with on-premises malt beverage, fortified wine, non-fortified wine, or mixed-beverage permits.

Organizations hosting game nights may contract with permitted game night vendors. The bill also allows the possession and transportation of game tables and other equipment. The bill contains additional regulations on game night events, their sponsors and benefactors, game night vendors, and other related parties. The bill also contains criminal penalties, which are addressed in a separate incarceration note. Under the bill, organizations hosting game nights must acquire a permit from ALE headquarters at least 30 days prior to the event and pay a fee of \$100 for each event.

While ALE cannot predict with certainty how many game night vendors or events may actually occur in a given year, they have provided Fiscal Research with a best-guess conservative estimate for these events. ALE anticipates approximately 10 game night vendors, with approximately 50 games per vendor, and an average of 4 games per week statewide. If ALE's estimates are correct, the Branch will collect \$20,800 in event fees (4 games x 52 weeks x \$100).

In response to Fiscal Research's inquiries, ALE has requested the following funding to implement this bill:

- \$53,409 recurring for an Administrative Specialist to process permits;
- \$193,862 recurring, \$118,264 nonrecurring for two ALE field agents
- \$500 nonrecurring, \$300 recurring for buying and maintaining a printer for the licenses

However, Fiscal Research believes that the expenses associated with this bill will mostly be covered by existing funds.

First, the equipment costs listed by ALE will be covered by the fees generated in the bill. These expenses are reflected in the table at the front of this memo. The receipts will also generate some revenue to partially offset a receipt-supported Administrative Specialist, as ALE requests. The anticipated receipts will not cover the full requested cost of the position, however.

Second, because the bill requires that all game nights be held at "qualified facilities," that is, facilities with permits for on-premises alcohol service, every hypothetical game night event is already under ALE jurisdiction regardless of the games of chance newly allowed by this bill. With an estimate of 208 games per year and 89 current field agents in ALE, if ALE inspected every game night event, this represents an average increase of 2 inspections per agent annually. ALE is unlikely to inspect every event, which makes it likely the increased caseload will be even lower. If ALE's estimates are correct, it is unlikely that these new inspections will present an exceptional burden to ALE.

Fiscal Research is unable to predict how many criminal investigations may result from these inspections, nor can we estimate how long such an investigation may take. However, given the relatively small number of events, it is unlikely that these investigations will take up enough time to justify additional positions.

The fees generated by this bill will cover the requested equipment and partially cover the administrative support requested by ALE for implementation. The increased workload is unlikely to result in a need for additional field agents.



## **TECHNICAL CONSIDERATIONS**

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N/A.

## **DATA SOURCES**

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ALCOHOL LAW ENFORCEMENT BRANCH, STATE BUREAU OF INVESTIGATION

## **LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS**

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This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

## **CONTACT INFORMATION**

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Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

## **ESTIMATE PREPARED BY**

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## **ESTIMATE APPROVED BY**

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Fiscal Research Division  
March 20, 2019



Signed copy located in the NCGA Principal Clerk's Offices