

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE DRH30314-STf-41 (03/26)

Short Title: Video Gaming Entertainment Act.

(Public)

Sponsors: Representative Jones.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW VIDEO GAMING FOR THE PURPOSE OF PROFIT SHARING
3 WITH THE STATE OF NORTH CAROLINA.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. The General Statutes are amended by adding a new Chapter to read:

6 "**Chapter 18D.**

7 "**Video Gaming Entertainment.**

8 "Article 1.

9 "General Provisions.

10 "**§ 18D-101. Citation.**

11 This Chapter shall be known as, and may be cited as, the Video Gaming Entertainment Act.

12 "**§ 18D-102. Definitions.**

13 The following definitions apply in this Chapter:

- 14 (1) Department. – The Department of Revenue.
- 15 (2) Gross income. – Wagers inserted into a video gaming machine minus credits
16 paid out in cash.
- 17 (3) Licensed establishment. – Any establishment owned or managed by a permit
18 holder and licensed by the Department.
- 19 (4) Licensed operator. – A person who owns a video gaming machine for which
20 a video gaming permit has been issued by the Department.
- 21 (5) Manufacturer. – An individual, partnership, corporation, or association that
22 assembles, repairs, or produces video gaming machines or associated
23 equipment for sale or use in this State.
- 24 (6) Video gaming machine. – As defined in G.S. 14-306.1A.
- 25 (7) Video gaming permit. – A permanently affixed tag or other device issued to
26 a licensed operator for each video gaming machine approved by and
27 registered with the Department.
- 28 (8) Wager. – A sum of money or thing of value risked on an uncertain
29 occurrence.

30 "Article 2.

31 "Permits.

32 "**§ 18D-201. Video gaming permit required on video gaming machines.**

33 (a) The Department shall make available a video gaming permit that shall be affixed to
34 all approved video gaming machines in a location and manner set forth by the Department. The



1 placement of the video gaming permit represents that the machine has been registered,
2 inspected, and approved for operation in the State.

3 (b) The Department shall issue the video gaming permit annually, based on the number
4 of approved machines registered with the Department per licensed operator.

5 (c) No person other than authorized Department personnel and the licensed operator
6 may affix or remove a video gaming permit.

7 (d) Manufacturers and licensed operators must make video gaming machines and
8 associated equipment available for inspection by the Department.

9 (e) No video gaming machine may be transported out of the State until the video
10 gaming permit has been removed.

11 **"§ 18D-202. Qualifications for licensed operator.**

12 (a) Except as provided in subsection (b) of this section, an individual, group of
13 individuals, corporation, partnership, or association whom the Department determines is
14 qualified to receive a license under this Chapter shall be issued an operator's license.

15 (b) The Department may not approve a licensed operator applicant if any of the
16 following apply:

17 (1) The applicant has not been a resident of North Carolina for at least three
18 years immediately preceding the application.

19 (2) The applicant has been convicted of a felony or any gambling offense in any
20 state or federal court of the United States within 10 years of entering into the
21 contract, or employs officers and directors who have been convicted of a
22 felony or any gambling offense in any state or federal court of the United
23 States within 10 years of entering into the contract.

24 (3) The applicant is less than 21 years of age.

25 (4) The applicant has falsified the application.

26 (5) The applicant is not current in filing all applicable tax returns to the State
27 and in payment of all taxes, interest, and penalties owed to the State,
28 excluding items under formal appeal under applicable statutes.

29 (6) The applicant is a permit holder or an employee of a licensed establishment.

30 (c) The applicant must furnish all information, documents, certifications, consents,
31 waivers, individual history forms, and other materials required or requested by the Department
32 for purposes of determining qualification for an operator's license. The Department may not
33 approve a licensed operator applicant if the applicant fails to provide information and
34 documentation requested by the Department.

35 (d) The applicant must submit to a background investigation, including each partner,
36 director, officer, and all stockholders of any business entity. The application shall be
37 accompanied by the fee to cover the cost of the criminal record check conducted under
38 G.S. 114-19.26.

39 (e) A licensed operator may not make available a total of more than 500 video gaming
40 machines in the State to be played or operated at any one time.

41 (f) The burden of proofing qualification shall be on the applicant.

42 **"§ 18D-203. Licensed establishments.**

43 (a) The Department may not license any establishment in which the applicant is:

44 (1) A natural person under 21 years of age.

45 (2) A person whose establishment would be engaged exclusively in the business
46 of housing video gaming machines.

47 (3) A person who is not current in filing all applicable tax returns to the State
48 and in payment of all taxes, interest, and penalties owed to the State,
49 excluding items under formal appeal under applicable statutes. Upon request
50 of the Director, the Department of Revenue shall provide this information
51 about a specific person to the Commission.

1 **"§ 14-296. Illegal slot machines and punchboards defined.**

2 Except as provided in Chapter 18D of the General Statutes, ~~An~~an illegal slot machine or
3 punchboard within the contemplation of G.S. 14-295 through 14-298 is defined as a device
4 where the user may become entitled to receive any money, credit, allowance, or any thing of
5 value, as defined in G.S. 14-306."

6 **SECTION 5.** G.S. 14-299 reads as rewritten:

7 **"§ 14-299. Property exhibited by gamblers to be seized; disposition of same.**

8 Except as provided in Chapter 18C or Chapter 18D of the General Statutes or in
9 G.S. 14-292, all moneys or other property or thing of value exhibited for the purpose of alluring
10 persons to bet on any game, or used in the conduct of any such game, including any motor
11 vehicle used in the conduct of a lottery within the purview of G.S. 14-291.1, shall be liable to
12 be seized by any court of competent jurisdiction or by any person acting under its warrant.
13 Moneys so seized shall be turned over to and paid to the treasurer of the county wherein they
14 are seized, and placed in the general fund of the county. Any property seized which is used for
15 and is suitable only for gambling shall be destroyed, and all other property so seized shall be
16 sold in the manner provided for the sale of personal property by execution, and the proceeds
17 derived from said sale shall (after deducting the expenses of keeping the property and the costs
18 of the sale and after paying, according to their priorities all known prior, bona fide liens which
19 were created without the lienor having knowledge or notice that the motor vehicle or other
20 property was being used or to be used in connection with the conduct of such game or lottery)
21 be turned over and paid to the treasurer of the county wherein the property was seized, to be
22 placed by said treasurer in the general fund of the county."

23 **SECTION 6.** G.S. 14-301 reads as rewritten:

24 **"§ 14-301. Operation or possession of slot machine; separate offenses.**

25 Except as provided in Chapter 18D of the General Statutes, ~~It~~it shall be unlawful for any
26 person, firm or corporation to operate, keep in his possession or in the possession of any other
27 person, firm or corporation, for the purpose of being operated, any slot machine or device
28 where the user may become entitled to receive any money, credit, allowance, or any thing of
29 value, as defined in G.S. 14-306. Each time said machine is operated as aforesaid shall
30 constitute a separate offense."

31 **SECTION 7.** G.S. 14-302 reads as rewritten:

32 **"§ 14-302. Punchboards, vending machines, and other gambling devices; separate**
33 **offenses.**

34 Except as provided in Chapter 18D of the General Statutes, ~~It~~it shall be unlawful for any
35 person, firm or corporation to operate or keep in his possession, or the possession of any other
36 person, firm or corporation, for the purpose of being operated, any punchboard, slot machine or
37 device where the user may become entitled to receive any money, credit, allowance, or any
38 thing of value, as defined in G.S. 14-306. Each time said punchboard, slot machine or device
39 where the user may become entitled to receive any money, credit, allowance, or any thing of
40 value, as defined in G.S. 14-306 is operated, played, or patronized by the paying of money or
41 other thing of value therefor, shall constitute a separate violation of this section as to operation
42 thereunder."

43 **SECTION 8.** G.S. 14-304 reads as rewritten:

44 **"§ 14-304. Manufacture, sale, etc., of slot machines and devices.**

45 Except as provided in Chapter 18D of the General Statutes, ~~It~~it shall be unlawful to
46 manufacture, own, store, keep, possess, sell, rent, lease, let on shares, lend or give away,
47 transport, or expose for sale or lease, or to offer to sell, rent, lease, let on shares, lend or give
48 away, or to permit the operation of, or for any person to permit to be placed, maintained, used
49 or kept in any room, space or building owned, leased or occupied by him or under his
50 management or control, any slot machine or device where the user may become entitled to
51 receive any money, credit, allowance, or any thing of value, as defined in G.S. 14-306."

1 **SECTION 9.** G.S. 14-305 reads as rewritten:

2 "**§ 14-305. Agreements with reference to slot machines or devices made unlawful.**

3 Except as provided in Chapter 18D of the General Statutes, it shall be unlawful to make or
4 permit to be made with any person any agreement with reference to any slot machines or device
5 where the user may become entitled to receive any money, credit, allowance, or any thing of
6 value, as defined in G.S. 14-306 pursuant to which the user thereof may become entitled to
7 receive any money, credit, allowance, or anything of value or additional chance or right to use
8 such machines or devices, or to receive any check, slug, token or memorandum entitling the
9 holder to receive any money, credit, allowance or thing of value."

10 **SECTION 10.** G.S. 14-306 is amended by adding a new subsection to read:

11 "(e) This section shall not apply to any video gaming machine permitted under Chapter
12 18D of the General Statutes."

13 **SECTION 11.** G.S. 14-306.1A is amended by adding a new subsection to read:

14 "(g) This section shall not apply to any video gaming machine permitted under Chapter
15 18D of the General Statutes."

16 **SECTION 12.** Article 4 of Chapter 114 is amended by adding a new section to
17 read:

18 "**§ 114-19.26. Criminal record checks of video gaming licenses and permits issued by the**
19 **Department of Revenue.**

20 The Department of Justice may provide to the Department of Revenue and to its Director
21 from the State and National Repositories of Criminal Histories the criminal history of any
22 prospective licensed operator and any prospective licensed establishment. The Department of
23 Revenue shall provide to the Department of Justice, along with the request, the fingerprints of
24 the prospective licensee, a form signed by the prospective licensee consenting to the criminal
25 record check and use of fingerprints, and other identifying information required by the State
26 and National Repositories, and any additional information required by the Department of
27 Justice. The fingerprints of the prospective licensee shall be forwarded to the State Bureau of
28 Investigation for a search of the State's criminal history record file, and the State Bureau of
29 Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a
30 national criminal history record check. The Department of Revenue shall keep all information
31 obtained pursuant to this section confidential. The Department of Justice shall charge a
32 reasonable fee only for conducting the checks of the criminal history records authorized by this
33 section."

34 **SECTION 13.** This act becomes effective December 1, 2009, and applies to
35 offenses committed on or after that date.