

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 999
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40330-BAxfa-10

Short Title: Regulation of Video Gaming Terminals. (Public)

Sponsors: Representative Warren.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE REGULATED PLAY OF VIDEO GAMING TERMINALS IN
3 THIS STATE.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Chapter 18C of the General Statutes is amended by adding a new
6 Article to read:

7 "Article 11.

8 "Video Gaming Terminals.

9 "Part 1. General Provisions.

10 "**§ 18C-1100. Definitions.**

11 In addition to the definitions in Article 1 of this Chapter, the following definitions apply in
12 this Article:

- 13 (1) Associated equipment. – Any hardware that is connected to the video gaming
14 terminal or to the central monitoring system for the purpose of
15 communication, validation, play, or other functions of the video gaming
16 terminal.
- 17 (2) Central monitoring system. – The system that maintains on a real-time basis
18 the financial, integrity, and security controls on video gaming terminals and
19 associated equipment and provides administrative services for its operation.
- 20 (3) Independent testing laboratory. – A nationally recognized testing laboratory
21 that is not otherwise subject to control by others and is approved by the
22 Commission for use in testing whether a video gaming game or video gaming
23 terminal complies with the standards set forth in this Article.
- 24 (4) Local law enforcement. – A municipal police department, a county police
25 department, or a sheriff's office.
- 26 (5) Manufacturer. – A person licensed by the Commission who manufactures,
27 assembles, services, or produces video gaming terminals or associated
28 equipment.
- 29 (6) Net machine revenue. – Gross revenue minus prizes actually paid per
30 machine. For purposes of this subdivision, prizes do not include a player
31 reward system, player tracking system, marketing, or promotional prizes or
32 credits. Unclaimed prizes shall not be included in the calculation of net
33 machine revenue unless redeemed by the player.
- 34 (7) Off-premises ABC permit. – An off-premises malt beverage permit, or
35 off-premises unfortified or fortified wine permit issued pursuant to Chapter
36 18B of the General Statutes.



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- 1 (8) On-premises ABC permit. – An on-premises malt beverage permit,
2 on-premises unfortified or fortified wine permit, or mixed beverages permit
3 issued pursuant to Chapter 18B of the General Statutes.
4 (9) Operator. – A person licensed by the Commission who owns, leases, or
5 otherwise controls a video gaming terminal for which a video gaming terminal
6 permit has been issued by the Commission.
7 (10) Video gaming games. – Electronically simulated games of chance approved
8 by the Commission that are displayed and played on permitted video gaming
9 terminals.
10 (11) Video gaming merchant. – A person that meets all of the following criteria:
11 a. Is not primarily engaged in the business of offering video gaming
12 terminals.
13 b. Holds a valid on-premises or an off-premises ABC permit issued by
14 the Alcohol Beverage Commission, or a certificate of authority issued
15 by the Commission under Article 5 of this Chapter for areas that have
16 not approved the issuance of permits under Chapter 18B of the General
17 Statutes.
18 c. Is licensed by the Commission under this Article.
19 d. With whom an operator has contracted to do the following:
20 1. Provide video gaming terminals for the placing of wagers and
21 payment of winnings in accordance with this Article.
22 2. Pay cash prizes for video gaming games in accordance with
23 this Article.
24 (12) Video gaming terminal. – A device operated under the authority of the
25 Commission that shall be exempt under G.S. 14-306.1A and is any electronic
26 computerized video game machine that, upon the insertion of cash or a lottery
27 share, is available to play a video gaming game authorized by the Commission
28 and which uses a video display and microprocessors in which, by chance, the
29 player may receive free games or credits that can be redeemed for cash. The
30 term does not include a device that directly dispenses coins, cash, or tokens.
31 (13) Video gaming terminal permit. – A permanently affixed tag or other device
32 issued to a licensed operator for each video gaming terminal approved by and
33 registered with the Commission.
34 (14) Wager. – A sum of cash, or a redeemable share, risked on an uncertain
35 occurrence on any video gaming game.

36 **"§ 18C-1101.** Reserved for future codification purposes.

37 **"§ 18C-1102. Video gaming.**

38 (a) The Commission shall determine that video gaming games are a type of lottery game
39 in this State and shall license operators and video gaming merchants to operate video gaming
40 games for play by the public. Play of video gaming games shall be deemed a share for purposes
41 of this Chapter, shall be exempt from G.S. 18C-131(c), and shall be played only on video gaming
42 terminals with a valid video gaming terminal permit. Except as otherwise provided in this Article,
43 the provisions of this Chapter shall apply to operation and play of video gaming games in this
44 State.

45 (b) No video gaming terminals may be placed on any property owned or controlled by a
46 governmental entity.

47 (c) Video gaming terminals and associated equipment shall be connected to a central
48 monitoring system at all times during play and as otherwise determined by the Commission.

49 (d) The Commission shall allow each video gaming operator to operate up to three video
50 gaming terminals per location and may allow up to an additional three video gaming terminals
51 per location based upon a net machine revenue benchmark established by the Commission.

1 Nothing in this subsection shall limit the Commission from reducing the number of video gaming
2 terminals allowed based upon the net machine revenue benchmark.

3 (e) Each video gaming terminal for the placing of wagers and payment of winnings shall
4 comply with all of the following:

5 (1) Have affixed a valid video gaming terminal permit.

6 (2) Be located in a building that is more than 1,000 feet of any of the following:

7 a. A church.

8 b. A public school.

9 c. Any nonpublic school as defined by Part 1 or 2 of Article 39 of Chapter
10 115C of the General Statutes.

11 (3) Be located in plain view of the following:

12 a. Other patrons and customers of the video gaming merchant.

13 b. A surveillance camera that is operated continuously.

14 (4) Be located within the premises of the video gaming merchant as identified in
15 their ABC license.

16 (f) Subdivision (e)(2) of this section shall not apply if the church, public school, or
17 nonpublic school locates within 1,000 feet of the video gaming merchant after the video gaming
18 merchant began using the premises for video gaming terminals.

19 (g) Operators placing video gaming terminals for play in this State may only do the
20 following:

21 (1) Purchase, lease, or otherwise obtain video gaming terminals and associated
22 equipment from manufacturers licensed under this Article.

23 (2) Contract with licensed video gaming merchants for placement of video
24 gaming terminals for play by the public with the contract being in a form
25 approved by the Commission.

26 (h) Prizes for play of video gaming terminals shall be issued by a share that is redeemable
27 in accordance with the contract between the operator and the video gaming merchant.

28 **"§ 18C-1103. Allocation of revenues.**

29 The Commission shall determine the procedures for the monitoring, collecting, and remitting
30 of net machine revenues from video gaming terminals. The portion of net machine revenues
31 allocated to the Commission in subdivisions (1) and (2) of this section shall be transferred before
32 any other allocations are made from the net machine revenues and deposited into an account as
33 directed by the Commission. The net machine revenues shall be distributed by the Commission
34 in conformity with the following:

35 (1) Thirty-two percent (32%) of the total net machine revenues shall be
36 transferred to the Commission. The Commission shall transfer amounts
37 allocated under this subdivision to the North Carolina Video Gaming Fund
38 established under G.S. 18C-1104.

39 (2) Eight percent (8%) of the total net revenues shall be transferred to the
40 Commission to be credited in the following priority:

41 a. Costs of the Commission associated with administering this Article.

42 b. Costs associated with the central monitoring system.

43 c. Costs of the Department of Public Safety, Alcohol Law Enforcement
44 Division, associated with enforcement of this Article, which shall
45 include a transfer of at least three million dollars (\$3,000,000)
46 annually.

47 d. One million dollars (\$1,000,000) annually to the Department of Public
48 Safety for grants to local law enforcement to combat illegal gaming,
49 to be awarded upon recommendation by the Governor's Crime
50 Commission.

1 e. Two hundred twenty-five thousand dollars (\$225,000) annually to the
2 Conference of District Attorneys for an attorney position dedicated to
3 the prosecution of illegal gambling activities.

4 f. Remaining proceeds to the North Carolina Video Gaming Fund
5 established under G.S. 18C-1104.

6 (3) Thirty percent (30%) of the net machine revenues shall be allocated to
7 operators.

8 (4) Thirty percent (30%) of the net machine revenues shall be allocated to video
9 gaming merchants.

10 **"§ 18C-1104. North Carolina Video Gaming Fund.**

11 (a) An enterprise fund, to be known as the North Carolina Video Gaming Fund, is created
12 within the State treasury consisting of the transfer of net machine revenues by the Commission
13 under this Article, unclaimed prizes deemed abandoned under G.S. 18C-1115(e), licensing fees
14 collected by the Commission under this Article, and any interest earned on those funds.

15 (b) The General Assembly shall appropriate the monies in the North Carolina Video
16 Gaming Fund annually in the Current Operations Appropriations Act based upon estimates of
17 the net machine revenue from video gaming terminals to the North Carolina Video Gaming Fund.

18 (c) A security interest shall not be granted in any funds appropriated pursuant to this
19 section.

20 (d) Unclaimed prizes deemed abandoned under G.S. 18C-1115(e) shall be transferred to
21 the Commission who shall transfer the amount to the North Carolina Video Gaming Fund.
22 Unclaimed prize money allocated to the North Carolina Video Gaming Fund under this
23 subsection shall be considered separate from, and shall not reduce, the allocations made to the
24 Commission under G.S. 18C-1103.

25 **"§§ 18C-1105 through 18C-1109.** Reserved for future codification purposes.

26 "Part 2. Licenses and Permits.

27 **"§ 18C-1110. Video gaming permit required on video gaming terminals.**

28 (a) Every video gaming terminal shall have affixed to it a video gaming terminal permit
29 prior to play in the manner set forth by the Commission. The placement of the video gaming
30 terminal permit represents that the machine has been registered, inspected, and approved for
31 operation in the State.

32 (b) The Commission shall issue the video gaming terminal permit based on the number
33 of approved video gaming terminals registered with the Commission. The initial video gaming
34 terminal permit issued for each machine shall be valid for two years, and each successive permit
35 shall be issued annually thereafter.

36 (c) It shall be unlawful for a person other than authorized Commission personnel to affix
37 or remove a video gaming permit. No video gaming terminal may be transported out of this State
38 until the video gaming permit has been removed.

39 (d) Operators and video gaming merchants must make video gaming terminals and
40 associated equipment available for inspection by the Commission. No video gaming terminal
41 shall be issued a video gaming permit unless the software and hardware of the video gaming
42 terminal and associated equipment are compatible with the Commission's central monitoring
43 system and all games installed on the video gaming terminal are approved by the Commission.

44 (e) Any video gaming terminal that does not display a current and valid video gaming
45 terminal permit as required by this Article is subject to G.S. 14-298.

46 **"§§ 18C-1111 through 18C-1113.** Reserved for future codification purposes.

47 **"§ 18C-1114. Minimum qualifications for all licensees.**

48 (a) Except as provided in subsection (b) of this section, an applicant whom the
49 Commission determines is qualified to receive a license under this Article shall be issued a
50 license. A person shall not engage in the manufacture, operation, service, or placement for play

1 by the public of any video gaming terminal without a license issued by the Commission under
2 this Article.

3 (b) The Commission shall not approve an applicant for licensure if any of the following
4 apply at the time of license:

5 (1) The applicant meets one or more of the following:

6 a. Has been convicted of a felony in any state or federal court of the
7 United States within 10 years of issuance of the license.

8 b. Employs officers or directors who have been convicted of a felony in
9 any state or federal court of the United States within 10 years of
10 issuance of the license.

11 c. Has completed a sentence for a felony in any state or federal court of
12 the United States within 10 years of issuance of the license.

13 d. Employs officers or directors who have completed a sentence for a
14 felony in any state or federal court of the United States within 10 years
15 of issuance of the license.

16 (2) The applicant is less than 21 years of age.

17 (3) The applicant has falsified the application.

18 (4) The applicant is not current in filing all applicable tax returns to the State and
19 in payment of all taxes, interest, and penalties owed to the State, excluding
20 items under formal appeal under applicable statutes. Upon request of the
21 Director, the Department of Revenue shall provide this information about a
22 specific person to the Commission.

23 (5) The applicant fails to provide all information and documentation requested by
24 the Commission.

25 (6) The Commission is not satisfied that the applicant is all of the following:

26 a. A person of good character, honesty, and integrity.

27 b. A person whose background, including criminal record, reputation,
28 and associations, does not pose a threat to the public interest of the
29 State or to the security and integrity of the Commission.

30 c. A person who, either individually or through employees, demonstrates
31 business ability and experience to establish, operate, and maintain the
32 business for the type of license for which the application is made.

33 d. A person who demonstrates adequate financing for the business
34 proposed under the type of license for which the application is made.

35 (7) The applicant resides in the same household as a member or employee of the
36 Commission.

37 (8) The applicant is an employee, director, officer, partner, or proprietor of
38 another manufacturer, operator, or video gaming merchant.

39 (c) The applicant shall furnish all information, documents, certifications, consents,
40 waivers, individual history forms, and other materials required or requested by the Commission
41 for purposes of determining qualification for that type of license. If the applicant is a public
42 company, the applicant shall file with the Commission a copy of any disclosure statement
43 involving ownership of the public company required to be filed with the United States Securities
44 and Exchange Commission.

45 (d) The applicant shall submit to a background investigation, including each partner,
46 director, officer, and all stockholders of five percent (5%) or more of any business entity, except
47 for institutional investors. The application shall be accompanied by a fee to cover the cost of the
48 criminal and financial record check conducted by the Commission.

49 (e) The burden of proof for establishing qualification under this section shall be on the
50 applicant.

1 (f) An operator shall not give anything of value, including a loan or a financing
2 arrangement, to any video gaming merchant as an incentive or inducement to locate video gaming
3 terminals in a specific location. The Commission shall adopt additional rules governing the
4 exchange of gifts, loans and other financing arrangements, gratuities, special discounts, favors,
5 hospitality, or service between licensees.

6 (g) In addition to the requirements provided in subsection (b) of this section, the
7 Commission shall not approve an application for an operator's license unless at least one of the
8 following applies:

9 (1) If an individual, the applicant has been (i) a resident of this State and (ii) an
10 amusement or game operator in this State for at least two years immediately
11 preceding the application, without interruption.

12 (2) If a business entity, the applicant meets all of the following criteria:

13 a. The applicant has (i) maintained a physical office location and (ii) has
14 legally been an amusement or game operator in this State for at least
15 two years immediately preceding the application, without interruption.

16 b. The applicant has been either of the following:

17 1. Incorporated or organized in this State for at least two years
18 immediately preceding the application, without interruption.

19 2. Registered to do business in this State for at least two years
20 immediately preceding the application, without interruption.

21 (h) In addition to the requirements provided in subsection (g) of this section, the
22 Commission shall not approve an application for an operator's license if, within two years of
23 submitting an application, a change of control of the applicant has occurred such that a foreign
24 individual or foreign business entity acquired a majority ownership of the applicant or otherwise
25 gained effective control of the applicant. For the purposes of this subsection, the term "foreign
26 individual" means an individual who does not meet the requirements of subdivision (1) of
27 subsection (g) of this section and the term "foreign business entity" means a business entity that
28 does not meet the requirements of subdivision (2) of subsection (g) of this section.

29 (i) The Commission, for cause, may revoke any license issued under this Article. For
30 purposes of this section, for cause includes any change in circumstances that would have resulted
31 in the licensee being ineligible for approval of a license at the time of application.

32 **"§ 18C-1115. Advertising, marketing, and prizes.**

33 (a) All advertisement of video gaming games and video gaming terminals is prohibited.
34 This prohibition includes:

35 (1) The placement of signage on a building advertising that video gaming
36 terminals are located within the building.

37 (2) Websites, social media posts, or other internet-based statements by a licensee.

38 (3) Online ads.

39 (4) Television, radio, satellite television, cable television, or any similar
40 mediums.

41 (5) Mailings, emails, texts, phone calls, or other direct contact methods, unless
42 the individual has explicitly consented to the contact.

43 (6) Any other advertising medium.

44 (b) Notwithstanding subsection (a) of this section, every video gaming merchant shall
45 post a sign visible prior to entry that video gaming terminals are at the location. The Commission
46 shall provide a standard sign to be used by all video gaming merchants and shall establish policies
47 regarding posting of the standard sign.

48 (c) Each video gaming merchant must make gaming materials readily available to players
49 and other patrons within the building where video gaming terminals are located. The materials
50 shall provide information about, or links to, resources for responsible gaming and gambling
51 addiction and prevention.

1 (d) The payment of winnings from the placing of wagers on video gaming games shall
2 be a paid to the player winning the prize by either of the following means:

3 (1) Cash at the location of the video gaming terminal generating the prize.

4 (2) A redeemable share that may be inserted into video gaming terminals at the
5 same location of the video gaming terminal generating the prize for credits for
6 the play of video gaming games. Such share shall be used by the player
7 winning the prize only.

8 (e) No cash award on any individual wager shall exceed one thousand one hundred
9 ninety-nine dollars (\$1,199).

10 (f) For the purposes of marketing, promotional credits may be issued solely to be used
11 on a lawful video gaming terminal.

12 (g) All winnings are subject to the State income tax.

13 **§§ 18C-1116 through 18C-1119.** Reserved for future codification purposes.

14 **§ 18C-1120. Fees.**

15 (a) All applications for licensure under this section shall be accompanied by an
16 application fee of two hundred fifty dollars (\$250.00) plus any cost determined by the
17 Commission for the criminal and financial record checks required under this Article. The
18 Commission shall use the fees collected under this subsection to cover the costs associated with
19 reviewing the application.

20 (b) The Commission shall charge fees for an initial license as follows:

21 (1) Manufacturers. – One hundred fifty thousand dollars (\$150,000).

22 (2) Operators. – Two hundred fifty thousand dollars (\$250,000), plus one hundred
23 fifty dollars (\$150.00) per video gaming terminal in each retail location.

24 (3) Video gaming merchants. – One thousand five hundred dollars (\$1,500) per
25 retail location.

26 (c) The Commission shall charge fees for renewal of a license as follows:

27 (1) Manufacturers. – One hundred thousand dollars (\$100,000).

28 (2) Operators. – One hundred thousand dollars (\$100,000), plus one hundred fifty
29 dollars (\$150.00) per video gaming terminal in each retail location.

30 (3) Video gaming merchants. – One thousand dollars (\$1,000) per retail location.

31 (d) The initial license issued by the Commission shall be valid for two years unless the
32 license is canceled or terminated. All renewals shall be valid for one year.

33 (e) A license issued by the Commission may be transferred or assigned, provided the new
34 license holder submits a new application and associated fees required under subsection (a) of this
35 section and is approved for licensure by the Commission.

36 (f) All license fees collected pursuant to this section shall be transferred to the North
37 Carolina Video Gaming Fund established under G.S. 18C-1104.

38 **§ 18C-1121.** Reserved for future codification purposes.

39 **§ 18C-1122. Multiple types of licenses.**

40 (a) A manufacturer, or any affiliate company, employee, beneficiary, stockholder,
41 officer, director, member, partner, or immediate family member of a manufacturer, shall be
42 ineligible for a license to be a video gaming merchant or operator. An operator, or any affiliate
43 company, employee, beneficiary, stockholder, officer, director, member, partner, or immediate
44 family member of an operator, shall be ineligible for a license to be a manufacturer or video
45 gaming merchant. A video gaming merchant, or any affiliate company, employee, beneficiary,
46 stockholder, officer, director, member, partner, or immediate family member of a video gaming
47 merchant, shall be ineligible for a license to be a manufacturer or operator.

48 (b) When contracting for a central monitoring system under Part 3 of this Article, the
49 Commission may contract with a manufacturer if the Commission is satisfied that the
50 manufacturer shall not use any knowledge or control of the central monitoring system to

1 advantage that manufacturer, an operator associated with that manufacturer, or a video gaming
2 merchant with whom that manufacturer's video gaming terminals are placed.

3 (c) The Commission shall strive to have (i) no fewer than five manufacturers licensed in
4 this State at all times and (ii) no fewer than 12 operators licensed in this State at all times.

5 "§ 18C-1123. Reserved for future codification purposes.

6 "§ 18C-1124. General duties of licensees.

7 All licensees under this Article shall do all of the following:

8 (1) Promptly report to the Commission any factors or circumstances related to
9 video gaming games operated under this Article that constitute a violation of
10 this Article or any other State or federal law.

11 (2) Promptly report to the Commission if the licensee or any of the licensee's
12 officers or directors have been convicted of a felony or any gambling offense
13 in any state or federal court of the United States at any time following
14 submission of an application or receipt of a license under this Article.

15 (3) Conduct all video gaming activities and functions in a manner that does not
16 pose a threat to the public health, safety, or welfare of the citizens of this State
17 and that does not adversely affect the security and integrity of the lottery or
18 harm video gaming games.

19 (4) Hold the Commission and the State of North Carolina harmless from and
20 defend and pay for the defense of any and all claims that may be asserted
21 against a license holder, this State, or the Commission and its employees
22 arising from the license holder's participation in or operation of video gaming
23 games.

24 (5) Assist the Commission in maximizing video gaming games revenue to the
25 State.

26 (6) Maintain all records required by the Commission.

27 (7) Keep current in all payments and obligations to the Commission.

28 (8) Provide access to the Commission and law enforcement officers when
29 required under Part 4 of this Article.

30 "§§ 18C-1125 through 18C-1129. Reserved for future codification purposes.

31 "Part 3. Video Gaming Terminals.

32 "§ 18C-1130. Possession; permitting.

33 (a) Every video gaming terminal shall have a video gaming terminal permit prior to play
34 in this State and shall be placed with a video gaming merchant for play.

35 (b) Operators shall file with the Commission the location of each permitted video gaming
36 terminal and the name and address of the video gaming merchant where each video gaming
37 terminal for public play is located.

38 (c) No video gaming terminal shall be issued a permit unless the game software is
39 certified by an independent testing laboratory. The game software, and any other component
40 required by the Commission, for all video gaming terminals shall be submitted by the
41 manufacturer to an independent testing laboratory to test for compliance with Commission rules
42 and regulations, which shall include compatibility with the central monitoring system.

43 (d) Any alterations made to the game software shall receive prior approval from the
44 Commission and recertification from the independent testing laboratory prior to being made.
45 Failure to receive prior approval of any alterations from the Commission and recertification from
46 the independent testing laboratory is grounds for revocation of licensure.

47 (e) The Commission shall not limit licensure or connection to the central monitoring
48 system to one type of video gaming terminal, one manufacturer, or one operator.

49 "§ 18C-1131. Reserved for future codification purposes.

50 "§ 18C-1132. Central monitoring system.

1 The Commission shall contract for a central monitoring system from a supplier of central
2 monitoring systems. All of the following shall apply to the central monitoring system used by
3 the Commission for video gaming terminals:

- 4 (1) The central monitoring system shall be linked by a communications network
5 through which all video gaming terminals shall connect to a single point of
6 commerce.
- 7 (2) All video gaming terminals shall be linked by a communications network to
8 the central monitoring system for purposes of monitoring and reading device
9 activities as provided in this section.
- 10 (3) The Commission shall routinely assess and inspect the operation of the central
11 monitoring system and shall notify licensees of any deficiencies.
- 12 (4) The video gaming terminal shall comply with the standards adopted by the
13 Commission with regard to the hardware and software requirements of the
14 central monitoring system.
- 15 (5) The central monitoring system shall be designed and operated to allow the
16 monitoring and reading of video gaming terminals for all of the following:
17 a. Compliance play.
18 b. Revenues to the State.
- 19 (6) The Commission may contract for the administration of the central monitoring
20 system but shall be responsible for oversight of that administration.
- 21 (7) The central monitoring system shall not provide for the monitoring or reading
22 of personal or financial information concerning patrons of video gaming
23 terminals.

24 **"§ 18C-1133.** Reserved for future codification purposes.

25 **"§ 18C-1134. Play and posting of odds.**

26 (a) Notwithstanding G.S. 18C-131(d), no person shall sell a share for play of a video
27 gaming terminal to a person under the age of 21 years. No person under the age of 21 years shall
28 purchase a share for play of a video gaming terminal or otherwise play a video gaming terminal.

29 (b) Video gaming terminals shall not allow more than the amount established by the
30 Commission to be played on a single wager. The odds of winning each video gaming game shall
31 be posted on or near each video gaming terminal. The manner in which the odds are calculated
32 and how the odds are posted shall be established by the Commission.

33 **"§ 18C-1135. Voluntary exclusion program for video gaming.**

34 (a) The Commission shall establish a voluntary exclusion program for any individual to
35 voluntarily exclude themselves from playing video gaming games. Licensees under this Article
36 shall use reasonable means to comply with the exclusion of individuals participating in the
37 voluntary exclusion program by the Commission.

38 (b) The voluntary exclusion program shall be exempt from Chapter 132 of the General
39 Statutes and shall be treated as confidential by each licensee under this Article. Licensees under
40 this Article conducting video gaming games in another state may share the information provided
41 under this section with its agents and affiliates in other states for excluding individuals
42 participating in the voluntary exclusion program.

43 **"§ 18C-1136. Transportation between licensed video gaming merchant's establishments in**
44 **the State.**

45 Any person transporting a video gaming terminal from one video gaming merchant's
46 establishment to another location, other than for servicing or repair, shall notify the Commission,
47 in the manner and form established by the Commission, prior to the transportation of the video
48 gaming terminal.

49 **"§§ 18C-1137 through 18C-1139.** Reserved for future codification purposes.

50 "Part 4. Enforcement.

51 **"§ 18C-1140. Enforcement.**

1 (a) The Commission shall have sole regulatory and administrative authority. The
2 Department of Public Safety, Alcohol Law Enforcement Division, and local law enforcement
3 shall provide criminal enforcement under this Article.

4 (b) The Commission shall coordinate with the Department of Public Safety, Alcohol Law
5 Enforcement Division, and local law enforcement to establish the confidential searchable
6 database required by G.S. 18C-114(d). The Commission shall strive to provide timely notices to
7 local law enforcement of convictions, arrests, and other charges against licensees in their
8 respective jurisdictions.

9 **"§ 18C-1141. Inspection of premises, records, activities.**

10 (a) The Commission, or designated Commission staff, may inspect any video gaming
11 merchant, operator, or manufacturer. The inspection may include the examination of records,
12 equipment, and proceeds related to the video gaming games.

13 (b) In addition to any authority under G.S. 18B-502, the Department of Public Safety,
14 Alcohol Law Enforcement Division, and local law enforcement shall have authority to
15 investigate the operation of each licensee under this Article, to make inspections that include
16 viewing the entire premises, and to examine the books and records of the licensee to procure
17 evidence of violations of this Chapter or Chapter 18B of the General Statutes. After each
18 inspection, a report shall be submitted to the Commission, on a form developed by the
19 Commission, detailing the results of the inspection and any potential violations noted during the
20 inspection.

21 (c) Refusal by a licensee or by any employee of a licensee to permit law enforcement
22 officers or Commission staff to enter the premises to make an inspection authorized by this
23 section shall be cause for revocation, suspension, or other action against the licensee.

24 (d) Every video gaming merchant and operator shall provide access to any law
25 enforcement officer or Commission staff requesting access to the surveillance camera footage of
26 any video gaming terminal. The Commission shall establish policies regarding custody, security,
27 and the length of time the surveillance camera footage shall be kept.

28 (e) Inspections authorized by this section may be made at any time it reasonably appears
29 that someone is on the premises.

30 **"§ 18C-1142. Criminal offenses.**

31 (a) A person is guilty of a Class 1 misdemeanor for the first offense, a Class H felony for
32 a second offense, and a Class G felony for a third or subsequent offense for any of the following:

33 (1) Possession of a video gaming terminal not explicitly authorized by this
34 Article.

35 (2) Tampering with a video gaming terminal, software, or associated equipment
36 with intent to interfere with the proper operation of the video gaming terminal.

37 (b) A person is guilty of a Class G felony for the first offense and a Class F felony for
38 any subsequent offense for any of the following:

39 (1) Intent to manipulate the outcome, payoff, or operation of a video gaming
40 terminal by physical tampering or any other means.

41 (2) Falsely reporting, or failing to report, the amount due as required by the
42 Commission, as a video gaming merchant or operator.

43 (3) Payment or acceptance of any incentive or inducement prohibited by rule or
44 policy of the Commission.

45 (c) Any video gaming merchant who pays a prize to any person in the amount less than
46 the specified prize won is guilty of a Class G felony.

47 (d) A person is guilty of a Class 2 misdemeanor for resisting, obstructing, or delaying an
48 officer attempting to make a lawful inspection under G.S. 18C-1141.

49 (e) It shall be unlawful to do any of the following:

50 (1) Sell a redeemable share.

- 1 (2) Sell a share for play of a video gaming terminal to a person under the age of
 2 21 in violation of G.S. 18C-1134(a).
- 3 (3) Purchase a share for play of a video gaming terminal, or otherwise play a video
 4 gaming terminal, by a person under the age of 21 in violation of
 5 G.S. 18C-1134(a).
- 6 (4) Substitute in-kind merchandise, goods, services, or other thing of value for the
 7 payment of prizes or winnings under this Article.
- 8 (5) Cheat while playing or operating a video gaming terminal.
- 9 (6) Claim, collect, or take, or attempt to claim, collect, or take money or anything
 10 of value in or from a video gaming game, with intent to defraud, without
 11 having made a wager contingent on winning the video gaming game.
- 12 (7) Claim, collect, or take an amount of money or thing of value greater than the
 13 amount won on a lawfully placed wager on a video gaming terminal.
- 14 (8) Possess any key or device designed for the purpose of opening, entering, or
 15 affecting the operation of a video gaming terminal, or an electronic or
 16 mechanical device connected with the video gaming terminal or for the
 17 removing wagers or other contents of a video gaming terminal. This
 18 subdivision shall not apply to a licensee under this Article or an employee of
 19 a licensee under this Article acting in furtherance of the employee's
 20 employment.
- 21 (f) Unless a different punishment is otherwise expressly stated, any person who violates
 22 any provision of this Article shall be guilty of a Class 1 misdemeanor. The Commission may
 23 terminate any license issued under this Chapter upon conviction of any crime under this Chapter
 24 or Article 37 of Chapter 14 of the General Statutes.

25 **"§ 18C-1143. Conduct on licensed premises.**

26 (a) It shall be unlawful for a licensee or any employee of the licensee to knowingly allow
 27 any of the following conduct to occur on the licensed premises:

- 28 (1) Any violation of this Chapter.
- 29 (2) Any violation of Chapter 14 of the General Statutes.
- 30 (3) Any violation of Chapter 90 of the General Statutes.
- 31 (4) Any other unlawful act.

32 (b) It shall be unlawful for a licensee to fail to superintend the business for which a license
 33 is issued in person or through an employee of the licensee."

34 **SECTION 2.(a)** G.S. 18C-103(4) reads as rewritten:

35 "(4) "Game" or "lottery game" means any procedure or amusement authorized by
 36 the Commission where prizes are distributed among persons who have paid,
 37 or unconditionally agreed to pay, for tickets or shares that provide the
 38 opportunity to win those prizes and ~~does not utilize a video gaming machine~~
 39 ~~as defined in G.S. 14-306.1(e).~~prizes."

40 **SECTION 2.(b)** G.S. 18C-113(b) reads as rewritten:

41 "(b) Records of the Commission shall be open and available to the public in accordance
 42 with Chapter 132 of the General Statutes, except as provided in this ~~Article~~Chapter or unless
 43 disclosure could be used to potentially (i) provide an unfair advantage to a player or (ii) impair
 44 or adversely impact the security or integrity of the operation of the Lottery, any of its ~~games,~~
 45 ~~games or gaming activities regulated by the Commission under this Chapter,~~ or investigations
 46 into ~~lottery contractors, potential contractors, licensees, or applicants for licensure under this~~
 47 ~~Chapter, or potentially fraudulent or other activities in violations of any laws, Lottery laws or~~
 48 ~~Commission rules, regulations, and policies."~~

49 **SECTION 2.(c)** G.S. 18C-114 reads as rewritten:

50 **"§ 18C-114. Powers and duties of the Commission.**

51 (a) The Commission shall have the following powers and duties:

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- ...
- (8) To charge a fee of potential contractors, of lottery contractors, of lottery retailers, and of licensees and potential licensees and their key persons not to exceed the cost of the criminal history record ~~check~~check, credit check, and other background checks.
- ...
- (15) To establish requirements for linking all video gaming terminals under a central monitoring system in accordance with Article 11 of this Chapter, including creating and maintaining a central monitoring system, which shall accommodate connection to the central monitoring system by video gaming terminals of each manufacturer.
- (16) To establish criteria for information systems, operating procedures, reporting, and accounting criteria for video gaming games consistent with Article 11 of this Chapter.
- (17) To establish dispute resolution policies for all licensees under Articles 9, 10, and 11 of this Chapter, which shall be exhausted prior to any claim being filed in the courts.

...

(c) The Commission and the Department of Revenue may agree to exchange any data necessary to enforce and administer Articles ~~9 and 10~~9, 10, and 11 of this Chapter and Article 2E of Chapter 105 of the General Statutes, including information deemed necessary to perform an audit of a licensee or taxpayer under those Articles."

SECTION 2.(d) G.S. 18C-120(b) reads as rewritten:

"(b) The Director shall have the following powers and duties, under the supervision of the Commission:

- ...
- (7) To confer with the Commission on the operation and administration of ~~the Lottery~~this Chapter and make available for inspection by the Commission all books, records, files, documents, and other information ~~of the Lottery~~maintained under this Chapter.
- ...
- (12) To engage an independent firm experienced in security procedures, including computer security and systems security, to conduct a comprehensive study and evaluation of all aspects of security in the operation of the video gaming terminals. At a minimum, such a security assessment is to include a review of network vulnerability, application vulnerability, application code review, wireless security, security policy and processes, security and privacy program management, technology infrastructure and security controls, security organization and governance, and operational effectiveness."

SECTION 2.(e) G.S. 18C-161(3) reads as rewritten:

"(3) All other funds credited or appropriated to the Commission from any source, except as provided in Articles ~~9 and 10~~9, 10, and 11 of this Chapter."

SECTION 3.(a) Article 2 of Chapter 18C of the General Statutes is amended by adding a new section to read:

"§ 18C-117. Gifts.

(a) A prohibited giver shall not pay, give, or make any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service, including food and beverages, having an aggregate value not exceeding one hundred dollars (\$100.00) in any calendar year to the Director, to any member or employee of the Commission or any member of the immediate family residing in the same household as one of these individuals.

1 (b) The Director, any member or employee of the Commission, or any member of the
 2 immediate family residing in the same household as one of these individuals shall not accept the
 3 offer of any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or
 4 service, including food and beverages having an aggregate value not exceeding one hundred
 5 dollars (\$100.00) in any calendar year from a prohibited giver.

6 (c) For purposes of this section, a prohibited giver is any of the following:

7 (1) A lottery retailer.

8 (2) A licensee or applicant to be a licensee under this Chapter.

9 (3) A lottery contractor or potential contractor.

10 (4) A lottery supplier."

11 **SECTION 3.(b)** G.S. 18C-143(e) is repealed.

12 **SECTION 3.(c)** G.S. 18C-151(f) is repealed.

13 **SECTION 4.(a)** Chapter 105 of the General Statutes is amended by adding a new
 14 Article to read:

15 "Article 2F.

16 "Unauthorized Gaming Machine Tax.

17 **"§ 105-113.150. Purpose.**

18 The purpose of this Article is to levy an excise tax to generate revenue for State and local law
 19 enforcement agencies and for the General Fund. Nothing in this Article may in any manner
 20 provide immunity from criminal prosecution for a person who possesses an illegal gaming
 21 machine.

22 **"§ 105-113.151. Definitions.**

23 The following definitions apply in this Article:

24 (1) Operator. – A person who places an unauthorized gaming machine for play
 25 by the public or who owns an establishment where an unauthorized gaming
 26 machine is placed for play by the public.

27 (2) Unauthorized gaming machine. – Any of the following:

28 a. A video gaming terminal without a valid video gaming terminal permit
 29 under Article 11 of Chapter 18C of the General Statutes.

30 b. A gaming table prohibited to be used by G.S. 14-289 through
 31 G.S. 14-300.

32 c. Any illegal punchboard or illegal slot machine.

33 d. Any video game machine prohibited to be used by G.S. 14-306 or
 34 G.S. 14-306.1A.

35 e. Any game terminal described in G.S. 14-306.3(b).

36 f. Any electronic machine or device using an entertaining display in
 37 violation of G.S. 14-306.4.

38 **"§ 105-113.152. Excise tax on unauthorized gaming machines.**

39 (a) Tax. – An excise tax is levied on each unauthorized gaming machine at a rate of ten
 40 thousand dollars (\$10,000) per machine.

41 (b) Payment of Tax. – The tax imposed by this Article is payable by an operator on each
 42 unauthorized gaming machine in this State for which the tax has not been paid, as evidenced by
 43 a stamp. The tax is payable within 48 hours after a non-tax-paid unauthorized gaming machine
 44 is placed by the operator for play by the public, exclusive of Saturdays, Sundays, and legal
 45 holidays of this State, in which case the tax is payable on the next working day. Upon payment
 46 of the tax, the operator shall permanently affix the appropriate stamps to the unauthorized gaming
 47 machine. Once the tax due on an unauthorized gaming machine has been paid, no additional tax
 48 is due under this Article even though the unauthorized gaming machine may be handled by other
 49 operators.

50 **"§ 105-113.153. Revenue stamps; reports.**

1 (a) Revenue Stamps. – The Secretary shall issue stamps to affix to unauthorized gaming
2 machines to indicate payment of the tax required by this Article. Operators shall report the taxes
3 payable under this Article at the time and on the return prescribed by the Secretary.
4 Notwithstanding any other provision of law, operators are not required to give their name,
5 address, social security number, or other identifying information on the return, and the return is
6 not required to be verified by oath or affirmation. Upon payment of the tax, the Secretary shall
7 issue stamps in an amount equal to the amount of the tax paid. Taxes may be paid and stamps
8 may be issued either by mail or in person.

9 (b) Reports. – Every local law enforcement agency and every State law enforcement
10 agency must report to the Department within 48 hours of charging an operator for a violation
11 related to an unauthorized gaming machine upon which a valid revenue stamp has not been
12 affixed or seizing an unauthorized gaming machine upon which a valid revenue stamp has not
13 been affixed. The report must be in the form prescribed by the Secretary, and it must include the
14 time and place of the charge or seizure, the amount and location of the unauthorized gaming
15 machines, the identification of any operators charged or associated with the seizure and their
16 social security numbers, and any other information prescribed by the Secretary. The report must
17 be made when the charge or seizure involves an unauthorized gaming machine upon which a
18 stamp has not been affixed as required by this Article.

19 **"§ 105-113.154. Assessments.**

20 Notwithstanding any other provision of law, an assessment against an operator for an
21 unauthorized gaming machine to which a stamp has not been affixed as required by this Article
22 shall be made as provided in this section. The Secretary shall assess a tax, applicable penalties,
23 and interest based on personal knowledge or information available to the Secretary. The Secretary
24 shall notify the operator in writing of the amount of the tax, penalty, and interest due and demand
25 its immediate payment. The notice and demand shall be either mailed to the operator at the
26 operator's last known address or served on the operator in person. If the operator does not pay
27 the tax, penalty, and interest immediately upon receipt of the notice and demand, the Secretary
28 shall collect the tax, penalty, and interest pursuant to the jeopardy collection procedures in
29 G.S. 105-241.23 or the general collection procedures in G.S. 105-242, including causing
30 execution to be issued immediately against the personal property of the operator, unless the
31 operator files with the Secretary a bond in the amount of the asserted liability for the tax, penalty,
32 and interest. The Secretary shall use all means available to collect the tax, penalty, and interest
33 from any property in which the operator has a legal, equitable, or beneficial interest. The operator
34 may seek review of the assessment as provided in Article 9 of this Chapter. If the Secretary
35 assesses more than one operator for the tax on an unauthorized gaming machine, each operator
36 assessed is jointly and severally liable for the tax.

37 **"§ 105-113.155. Confidentiality of information.**

38 (a) Information obtained by the Department in the course of administering the tax
39 imposed by this Article, including information on whether the Department has issued a revenue
40 stamp to a person, is confidential tax information and is subject to the provisions of G.S. 105-259.

41 (b) Information obtained by the Department from the taxpayer in the course of
42 administering the tax imposed by this Article, including information on whether the Department
43 has issued a revenue stamp to a person, may not be used as evidence, as defined in G.S. 15A-971,
44 by a prosecutor in a criminal prosecution of the taxpayer for an offense related to the possession
45 or operation of the unauthorized gaming machine. Under this prohibition, no officer, employee,
46 or agent of the Department may testify about this information in a criminal prosecution of the
47 taxpayer for an offense related to the possession or operation of the unauthorized gaming
48 machine. This subsection implements the protections against double jeopardy and
49 self-incrimination set out in Amendment V of the United States Constitution and the restrictions
50 in it apply regardless of whether information may be disclosed under G.S. 105-259. An officer,

1 employee, or agent of the Department who provides evidence or testifies in violation of this
2 subsection is guilty of a Class 1 misdemeanor.

3 **"§ 105-113.156. Use of tax proceeds.**

4 (a) Special Account. – The Unauthorized Gaming Machine Tax Account is established
5 as a special nonreverting account. The Secretary shall credit the proceeds of the tax levied by this
6 Article to the Account.

7 (b) Distribution. – The Secretary shall distribute unencumbered tax proceeds in the
8 Unauthorized Gaming Machine Tax Account on a quarterly or more frequent basis. Tax proceeds
9 in the Account are unencumbered when they are collectible under G.S. 105-241.22. The
10 Secretary shall distribute seventy-five percent (75%) of the unencumbered tax proceeds in the
11 Account that were collected by assessment to the State or local law enforcement agency that
12 conducted the investigation of an operator that led to the assessment. If more than one State or
13 local law enforcement agency conducted the investigation, the Secretary shall determine the
14 equitable share for each agency based on the contribution each agency made to the investigation.
15 The Secretary shall credit the remaining unencumbered tax proceeds in the Account to the
16 General Fund.

17 (c) Refunds. – The refund of a tax that has already been distributed shall be drawn
18 initially from the Unauthorized Gaming Machine Tax Account. The amount of refunded taxes
19 that were distributed to a law enforcement agency under this section and any interest shall be
20 subtracted from succeeding distributions from the Account to that law enforcement agency. The
21 amount of refunded taxes that were credited to the General Fund under this section and any
22 interest shall be subtracted from succeeding credits to the General Fund from the Account.

23 (d) Use. – Funds provided to State and local law enforcement agencies pursuant to this
24 section shall be used for expenses incurred by the agency for enforcing the laws of this State and
25 carrying out other duties set by law. Such funds are supplemental to, and shall not supplant, local
26 or State funding received by the law enforcement agency."

27 **SECTION 4.(b)** This section becomes effective December 1, 2025, and applies to
28 taxes due on unauthorized gaming machines on or after that date.

29 **SECTION 5.** G.S. 14-306.1A is amended by adding a new subsection to read:

30 "(g) Nothing in this section shall be construed to make illegal any activity conducted
31 pursuant to Article 11 of Chapter 18C of the General Statutes."

32 **SECTION 6.** G.S. 14-306.4 is amended by adding a new subsection to read:

33 "(d1) Nothing in this section shall be construed to make illegal any activity conducted
34 pursuant to Article 11 of Chapter 18C of the General Statutes."

35 **SECTION 7.** G.S. 105-259(b)(33) reads as rewritten:

36 "(33) To provide to the North Carolina State Lottery Commission the information
37 required under G.S. 18C-141 and G.S. 18C-1114 or agreed upon under
38 G.S. 18C-114(c)."

39 **SECTION 8.(a)** G.S. 14-298 reads as rewritten:

40 **"§ 14-298. Seizure of illegal gaming items.**

41 Upon a determination that probable cause exists to believe that any gaming table prohibited
42 to be used by G.S. 14-289 through G.S. 14-300, any illegal punchboard or illegal slot machine,
43 any video game machine prohibited to be used by G.S. 14-306 or G.S. 14-306.1A, any game
44 terminal described in G.S. 14-306.3(b), or any electronic machine or device using an entertaining
45 display in violation of G.S. 14-306.4 is in the illegal possession or use of any person within the
46 limits of their jurisdiction, all sheriffs and law enforcement officers are authorized to seize the
47 items in accordance with applicable State law. Any law enforcement agency in possession of that
48 item shall retain the item pending a disposition order from a district or superior court judge. Upon
49 application by the law enforcement agency, district attorney, or owner, and after notice and
50 opportunity to be heard by all parties, if the court determines that the item is unlawful to possess,
51 it shall enter an order releasing the item to the law enforcement agency for destruction or for

1 ~~training purposes~~ purposes and shall order the owner to pay the reasonable costs of storage and
2 disposal incurred by the seizing law enforcement agency. If the item was seized for use as
3 evidence in a criminal action or proceeding against the owner of the item, upon any plea of guilty
4 or nolo contendere in that action or proceeding by the owner of the item, the court shall order the
5 owner to pay the reasonable costs of storage and disposal incurred by the seizing law enforcement
6 agency. If the court determines that the item is not unlawful to possess and will not be used in
7 violation of the law, the item shall be ordered released to its owner upon satisfactory proof of
8 ownership. The foregoing procedures for release shall not apply, however, with respect to an
9 item seized for use as evidence in any criminal action or proceeding until after entry of final
10 judgment."

11 **SECTION 8.(b)** G.S. 14-299 reads as rewritten:

12 "**§ 14-299. Property exhibited by gamblers to be seized; disposition of same.**

13 Except as provided in Chapter 18C of the General Statutes or in G.S. 14-292, all moneys or
14 other property or thing of value exhibited for the purpose of alluring persons to bet on any game,
15 or used in the conduct of any such game, including any motor vehicle (i) used in the conduct of
16 a lottery within the purview of ~~G.S. 14-291.1~~, G.S. 14-291.1 or (ii) used to transport any video
17 game machine prohibited by G.S. 14-306 or G.S. 14-306.1A, or any electronic machine or device
18 prohibited by G.S. 14-306.4, shall be liable to be seized by any court of competent jurisdiction
19 or by any person acting under its warrant. Moneys so seized shall be turned over to and paid to
20 the treasurer of the county wherein they are seized, and placed in the general fund of the county.
21 Any property seized which is used for and is suitable only for gambling shall be destroyed, and
22 all other property so seized shall be sold in the manner provided for the sale of personal property
23 by execution, and the proceeds derived from said sale shall (after deducting the expenses of
24 keeping the property and the costs of the sale and after paying, according to their priorities all
25 known prior, bona fide liens which were created without the lienor having knowledge or notice
26 that the motor vehicle or other property was being used or to be used in connection with the
27 conduct of such game or lottery) be turned over and paid to the treasurer of the county wherein
28 the property was seized, to be placed by said treasurer in the general fund of the county."

29 **SECTION 8.(c)** G.S. 14-306(a) reads as rewritten:

30 "(a) Any machine, apparatus or device is a slot machine or device within the provisions
31 of G.S. 14-296 through 14-309, if it is one that is adapted, or may be readily converted into one
32 that is adapted, for use in such a way that, as a result of the payment of any piece of money or
33 coin or token or any credit card, debit card, prepaid card, or any other method that requires
34 payment to activate play, whether directly into the slot machine or device or resulting in remote
35 activation, such machine or device is caused to operate or may be operated in such manner that
36 the user may receive or become entitled to receive any piece of money, credit, allowance or thing
37 of value, or any check, slug, token or memorandum, whether of value or otherwise, or which may
38 be exchanged for any money, credit, allowance or any thing of value, or which may be given in
39 trade, or the user may secure additional chances or rights to use such machine, apparatus or
40 device; or any other machine or device designed and manufactured primarily for use in
41 connection with gambling and which machine or device is classified by the United States as
42 requiring a federal gaming device tax stamp under applicable provisions of the Internal Revenue
43 Code. This definition is intended to embrace all slot machines and similar devices except slot
44 machines in which is kept any article to be purchased by depositing any coin or thing of value,
45 and for which may be had any article of merchandise which makes the same return or returns of
46 equal value each and every time it is operated, or any machine wherein may be seen any pictures
47 or heard any music by depositing therein any coin or thing of value, or any slot weighing machine
48 or any machine for making stencils by the use of contrivances operated by depositing in the
49 machine any coin or thing of value, or any lock operated by slot wherein money or thing of value
50 is to be deposited, where such slot machines make the same return or returns of equal value each
51 and every time the same is operated and does not at any time it is operated offer the user or

1 operator any additional money, credit, allowance, or thing of value, or check, slug, token or
2 memorandum, whether of value or otherwise, which may be exchanged for money, credit,
3 allowance or thing of value or which may be given in trade or by which the user may secure
4 additional chances or rights to use such machine, apparatus, or device, or in the playing of which
5 the operator does not have a chance to make varying scores or tallies. Each game console, play
6 station, or other access point allowing a person to operate a slot machine shall constitute a
7 separate machine or device."

8 **SECTION 8.(d)** This section becomes effective December 1, 2025, and applies to
9 offenses committed on or after that date.

10 **SECTION 9.** The North Carolina State Lottery Commission shall use sufficient
11 funds from the North Carolina State Lottery Fund to cover initial operating expenses of the
12 Commission to implement Article 9 of Chapter 18C of the General Statutes, as enacted by this
13 act, except that the total amount borrowed by the Commission shall not exceed fourteen million
14 dollars (\$14,000,000). Of the borrowed funds, three million dollars (\$3,000,000) shall be
15 transferred to the Department of Public Safety, Alcohol Law Enforcement Division, for
16 enforcement of this act; one million dollars (\$1,000,000) shall be transferred to the Department
17 of Public Safety for grants to local law enforcement agencies to combat illegal gaming, to be
18 awarded upon recommendation by the Governor's Crime Commission; and the remainder shall
19 be available for expenditure for the purposes set forth in this act without further action by the
20 General Assembly. The Commission shall repay any funds used out of the North Carolina State
21 Lottery Fund pursuant to this section from amounts allocated to the Commission under
22 G.S. 18C-1103(1), as enacted by this act, within 24 months after the effective date of this act.

23 **SECTION 10.(a)** G.S. 18C-1103, as enacted by this act, reads as rewritten:

24 "**§ 18C-1103. Allocation of revenues.**

25 (a) The Commission shall determine the procedures for the monitoring, collection, and
26 distribution of net machine revenues from video gaming terminals. The portion of net machine
27 revenues allocated to the Commission in subdivisions (1) and (2) of this section shall be
28 transferred before any other allocations are made from the net machine revenues and deposited
29 into an account as directed by the Commission. The net machine revenues shall be distributed by
30 the Commission in conformity with the following:

- 31 (1) Thirty-two percent (32%) of the total net machine revenues shall be
32 transferred to the Commission. The Commission shall transfer amounts
33 allocated under this subdivision to the North Carolina Video Gaming Fund
34 established under G.S. 18C-1104.
- 35 (2) Eight percent (8%) of the total net revenues shall be transferred to the
36 Commission to be credited as required under this this subdivision. The
37 revenues allocated under this subdivision shall be credited in the following
38 priority:
- 39 a. Costs to the Commission associated with administering this Article.
 - 40 b. Costs associated with the central monitoring system.
 - 41 c. Costs associated with the Department of Public Safety, Alcohol Law
42 Enforcement Division, associated with enforcement of this Article,
43 which shall include a transfer of at least three million dollars
44 (\$3,000,000) annually.
 - 45 d. One million dollars (\$1,000,000) annually to the Department of Public
46 Safety for grants to counties for sheriffs and municipal police
47 departments to combat illegal gaming, to be awarded upon
48 recommendation by the Governor's Crime Commission.
 - 49 e. Two hundred twenty-five thousand dollars (\$225,000) annually to the
50 Conference of District Attorneys for an attorney position dedicated to
51 the prosecution of illegal gambling activities.

- 1 e1. Two million dollars (\$2,000,000) in each fiscal year to each of the
- 2 following institutions for improving graduation rates and student
- 3 success or sustainability of the institution:
- 4 1. Elizabeth City State University.
- 5 2. Fayetteville State University.
- 6 3. North Carolina Agricultural and Technical State University.
- 7 4. North Carolina Central University.
- 8 5. Winston-Salem State University.
- 9 6. University of North Carolina at Pembroke.
- 10 f. Remaining proceeds to the North Carolina Video Gaming Fund
- 11 established under G.S. 18C-1104.
- 12 (3) Thirty percent (30%) of the net machine revenues shall be allocated to
- 13 operators.
- 14 (4) Thirty percent (30%) of the net machine revenues shall be allocated to video
- 15 gaming merchants.

16 (b) Each of the constituent institutions receiving distributions or a grant under this section
 17 shall annually report to the Joint Legislative Education Oversight Committee as to how that
 18 institution has used the funds from the prior fiscal year, including the measures by which that
 19 institution is gauging success of the programs and other uses of the funds."

20 **SECTION 10.(b)** This section becomes effective July 1, 2027, and applies to
 21 transfers made on or after that date.

22 **SECTION 11.(a)** The North Carolina State Lottery Commission shall identify a date
 23 upon which video gaming terminal play is authorized in this State and shall do all of the following
 24 at least 90 days in advance of that date:

- 25 (1) Publish that date in the North Carolina Registry.
- 26 (2) Report that date to the Joint Lottery Oversight Committee.

27 **SECTION 11.(b)** The North Carolina State Lottery Commission may adopt rules to
 28 facilitate the licensure authorized in this act prior to the date published in the North Carolina
 29 Registry of the date identified by the North Carolina Lottery Commission under this section;
 30 however, no rule may become effective until on or after that date. The Commission may accept
 31 and issue applications for licensure in accordance with Article 11 of Chapter 18C of the General
 32 Statutes, as enacted by this act, prior to the date published in the North Carolina Registry of the
 33 date identified by the North Carolina Lottery Commission under this section, in order that
 34 licensees may begin operations on that date; however, no license issued by the Commission shall
 35 become effective prior to the date published in the North Carolina Registry of the date identified
 36 by the North Carolina Lottery Commission under this section.

37 **SECTION 12.** Sections 1, 2, 3, 5, 6, and 7 of this act become effective December 1,
 38 2025, and, except as otherwise provided, the remainder of this act is effective when it becomes
 39 law. The Lottery Commission may initiate requests for proposals for the central monitoring
 40 system, as required by G.S. 18C-1132, as enacted by this act, prior to December 1, 2025, but may
 41 not award any contract prior to that date.