

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 511

Short Title: Game Nights/Nonprofit Fund-Raiser. (Public)

Sponsors: Representatives Boles, Lucas, Saine, and Floyd (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Alcoholic Beverage Control, if favorable, Judiciary III

March 29, 2017

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE NONPROFIT ORGANIZATIONS TO OPERATE "GAME NIGHTS," TO PROVIDE FOR THE REGULATION OF NONPROFIT ORGANIZATIONS HOLDING "GAME NIGHTS," AND TO ALLOW THE CONSUMPTION OF ALCOHOLIC BEVERAGES AT "GAME NIGHTS."

The General Assembly of North Carolina enacts:

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

"§ 14-292. Gambling.

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

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

"Part 4. Game Nights.

"§ 14-309.25. Definitions.

The following definitions apply in this Part:

- (1) Exempt organization. – An organization that has been in continuous existence in the county of operation of the game night for at least five years and that is exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(5), or 501(c)(6) of the United States Internal Revenue Code.
- (2) Game night. – A specific event at which games of chance are played and prizes are awarded and that is sponsored by or on behalf of an exempt organization for the primary purpose of raising funds for the exempt organization.
- (3) Local law enforcement agency. – Any county or municipal law enforcement agency that has territorial and subject matter jurisdiction over the location at which the game night is being held.
- (4) Qualified facility. – As defined in G.S. 18B-1000.

"§ 14-309.26. Game nights.

(a) It is lawful for an exempt organization to conduct a game night at a qualified facility in accordance with the provisions of this Part and G.S. 18B-1010 if applicable. It is lawful to



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

3 (b) Any exempt organization that conducts a game night in violation of any provision of
4 this Part is guilty of a Class 2 misdemeanor. In addition to any fine that may be imposed, an
5 exempt organization convicted of a violation under this Part shall not conduct a game night for
6 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
9 permit as provided by this Part. The application for a game night permit shall be on a form
10 prescribed by the Alcohol Law Enforcement Branch of the Department of Public Safety and
11 shall be submitted to either the central office or to the Alcohol Law Enforcement district office
12 with jurisdiction over the qualified facility agreeing to host the event. The exempt organization
13 shall apply at least 30 days in advance of the date for the game night event.

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

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

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

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

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

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

28 (6) The games proposed to be operated.

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

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

33 (c) A separate application shall be required for each game night event. A fee of two
34 hundred fifty dollars (\$250.00) shall be charged for each permit. The permit fees assessed
35 under this Part are payable to the Alcohol Law Enforcement Branch of the Department of
36 Public Safety and shall be collected and used by the Alcohol Law Enforcement Branch to
37 defray the costs of issuing game night permits.

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
43 than one game night event shall be held in any quarter of a calendar year that
44 begins 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
47 events are held, they must be held by different exempt organizations on
48 different nights of the week.

49 (4) There shall be no operation of a game night between the hours of 2:00 A.M.
50 and 12:00 noon Monday through Saturday, and there shall be no game nights
51 held on any Sunday before 2:00 P.M.

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

3 **"§ 14-309.29. Game night; prizes and costs.**

4 No games at a game night event may be played for cash or cash prizes. Prizes shall be
5 awarded only through a raffle. Participants may exchange chips, markers, or tokens from the
6 game night event for raffle tickets. The cost of the prizes and expenses to operate the game
7 night event, excluding the cost of food, beverages, and entertainment, shall not exceed fifty
8 percent (50%) of the proceeds derived from the event.

9 **"§ 14-309.30. Operation of game night events.**

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

- 11 (1) Roulette.
12 (2) Blackjack.
13 (3) Poker.
14 (4) Craps.
15 (5) Simulated Horse Race.
16 (6) Merchandise wheel of fortune.

17 **"§ 14-309.31. Use of proceeds.**

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

23 **"§ 14-309.32. Violation is gambling.**

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

27 **"§ 14-309.33. Applicability.**

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

30 **"§ 14-309.34. Applicability to employer paid events.**

31 Nothing in this Part shall prevent an employer from holding an annual game night event for
32 employees and guests or a trade association from holding an annual game night event for its
33 members and guests, as long as there is no cost of charge to the attendees."

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

35 **"§ 18B-1000. Definitions concerning establishments.**

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

37 ...

38 (5a) Qualified facility. – A facility that has an on-premises malt beverage permit,
39 an on-premises unfortified wine permit, an on-premises fortified wine
40 permit, or a mixed beverages permit.

41 (~~5a~~)(5b) Residential private club. – A private club that is located in a privately
42 owned, primarily residential and recreational development.

43 "

44 **SECTION 4.** Article 10 of Chapter 18B of the General Statutes is amended by
45 adding a new section to read:

46 **"§ 18B-1010. Simulated game night allowed at qualified facilities.**

47 (a) Sponsorship; Alcohol Sales and Possession. – Except as provided in subsection (d)
48 of this section, a qualified facility may host a game night sponsored by an exempt organization
49 pursuant to Part 4 of Article 37 of Chapter 14 of the General Statutes. The following general
50 provisions apply to game nights:

- 1 (1) Notwithstanding any provision of Part 1, Part 2, or Part 3 of Article 37 of
2 Chapter 14 of the General Statutes, G.S. 18B-1005, and Chapter 18C of the
3 General Statutes, a qualified facility and the exempt organization sponsoring
4 the game night may:
- 5 a. Possess gaming tables and operate games of chance on the premises
6 of a qualified facility.
- 7 b. Allow patrons to participate in certain simulated games of chance at
8 a game night.
- 9 c. Sell and serve alcoholic beverages to the patrons at a game night.
- 10 (2) Patrons may purchase, possess, and consume alcoholic beverages at the
11 qualified facility during the game night event.
- 12 (3) All sales and consumption of alcoholic beverages on the premises of the
13 qualified facility shall occur only during the hours of sales and consumption
14 set out in G.S. 18B-1004.
- 15 (b) Requirements. – The following requirements apply to the sponsorship, location,
16 supplies, prizes, and operation of a game night:
- 17 (1) Only an exempt organization as defined in G.S. 14-309.25 shall serve as the
18 sponsor of the game night; no ABC permittee shall serve as the sponsor of a
19 game night. The game night shall be limited to a private room or other area
20 of the qualified facility to which the general public is not permitted access.
- 21 (2) The sponsoring exempt organization shall provide all of the following to be
22 used by the patrons at the game night event: play money, tokens, chips, or
23 markers.
- 24 (3) Other than the play money, tokens, chips, or markers issued by the exempt
25 organization, no money or any other thing of value shall be bet, put at stake,
26 or put at risk.
- 27 (4) Neither the game night vendor nor the qualified facility shall handle or
28 receive any cash money from the game night participants for participating in
29 the games.
- 30 (5) All funds shall be handled by the exempt organization through the sale of
31 tickets to the event.
- 32 (6) The exempt organization may provide one or more prizes which may be
33 received by the patrons, however, prizes shall be awarded only by the
34 exchange of the chips or markers for raffle tickets.
- 35 (7) The prizes provided by the exempt organization for a game night event shall
36 not exceed the amounts designated in G.S. 14-309.29.
- 37 (8) The play money, tokens, chips, or markers shall be redeemable only for
38 raffle tickets for the raffle of prizes provided by the exempt organization.
39 The play money, tokens, chips, or markers shall have no cash value and are
40 not redeemable for any other thing of value.
- 41 (9) The exempt organization or its agents or employees, or the qualified facility
42 or its agents or employees, may operate the game night only as allowed by
43 the permit issued under Part 4 of Article 37 of Chapter 14 of the General
44 Statutes.
- 45 (c) Regulation. – The qualified facility and the exempt organization shall conduct and
46 operate the game night in compliance with this section, with the provisions of Part 4 of Article
47 37 of Chapter 14 of the General Statutes, and with the terms and conditions of the permit issued
48 under Part 4 of Article 37 of Chapter 14 of the General Statutes.
- 49 (d) Prohibition. – A qualified facility shall not host a game night event if the qualified
50 facility has been convicted of any ABC violation or its permits have been suspended or revoked
51 within the past two years.

1 (e) Penalties. – The following penalties apply to violations of this section:

2 (1) A qualified facility or an exempt organization that violates this section is
3 guilty of a Class 2 misdemeanor.

4 (2) In addition to any fine that may be imposed, any qualified facility or exempt
5 organization convicted of a violation of this section shall not be eligible to
6 conduct a game night for a period of one year from the date of conviction.

7 A qualified facility shall be solely responsible to the Commission for any administrative
8 penalties assessed pursuant to G.S. 18B-104 for violations of ABC law that occur on the
9 premises of the qualified facility."

10 **SECTION 5.** The Department of Public Safety shall make a report to the 2019
11 Regular Session of the General Assembly detailing the administration of game night event
12 permits, including the total number of applications received by permittee type, the total number
13 of permits issued, the number of ABC violations reported at establishments that hosted game
14 night events, and any other information the Department deems appropriate to report regarding
15 this act, and shall provide a recommendation as to whether the General Assembly should
16 modify this act. If the recommendation is to modify this act, the Department of Public Safety
17 shall submit recommended proposed legislation to the 2019 Regular Session of the General
18 Assembly.

19 **SECTION 6.** This act becomes effective October 1, 2017. If a final order by a
20 court of competent jurisdiction finds that any portion of this act is unconstitutional, or if the
21 passage of this act would cause the State to forfeit payments due under a compact entered into
22 between the State and a federally recognized Indian tribe, this act is void.