

May 30, 2000

**S 1542. VIDEO POKER MACHINES ILLEGAL. TO MAKE POSSESSION OF MORE THAN THREE VIDEO POKER MACHINES ON ONE PREMISE ILLEGAL IN NORTH CAROLINA AND TO IMPOSE A PRIVILEGE TAX ON ALL VIDEO POKER MACHINES.** Adds new GS 14-306.1 making it unlawful for person to keep on same premises more than three video machines, as described in act, that involve play of card or other games specified in act. Makes first violation a Class 1 misdemeanor, carrying a fine of not less than \$1,000, and makes second violation a Class I felony. Provides that person involved in operating ten or more machines is guilty of Class G felony. Adds new GS 14-306.2 requiring seizure of any machines used in violation of current GS 14-306 (slot machines) and GS 14-306.1. Adds new GS 14-306.3 imposing tax of \$100 per year for each machine described in GS 14-306.1 and requiring state license for each location at which such a machine is located. Effective Dec. 1, 2000, except that taxes become effective Jan. 1, 2001.

**Intro. by Wellons.**

Ref. to Finance	GS 14
-----------------	-------

June 27, 2000

**S 1542. VIDEO POKER MACHINES ILLEGAL.** Intro. 05/30/00. Senate committee substitute makes the following changes to 1st edition. Replaces original bill with "AN ACT TO MAKE POSSESSION OF VIDEO POKER AND OTHER VIDEO GAME MACHINES IN NORTH CAROLINA UNLAWFUL." Enacts new GS 14-306.1 to make it unlawful to possess any video game machine on which any of the following games are played by activating the machine with any form of monetary payment: video poker or any kind of video card game, video bingo, video craps, video keno, video lotto, or any video game that involves matching different pictures, words, numbers, or symbols. First offense is Class 1 misdemeanor punishable by fine of not less than \$1,000. Second or subsequent offense is Class I felony. A violation involving 10 or more machines is Class G felony. Amends GS 14-298, directing sheriffs and police officers to destroy illegal punchboards and slot machines, to include video game machines prohibited by GS 14-306.1. Effective 12/1/00.

June 29, 2000

**S 1542. VIDEO POKER MACHINES ILLEGAL.** Intro. 5/30/00. Senate amendment makes the following changes to 2nd edition. Amendment #1 provides that this new law does not make unlawful anything which on July 1, 2000 was lawful for any federally recognized Indian Tribe under the Indian Gaming Regulatory Act. Amendment #2 provides an exception to criminal penalties for assemblers, manufacturers, and transporters of the prohibited devices who assemble, manufacture, and transport them for sale in another state as long as the machines, while located in this state, cannot be used to play the prohibited games.

July 7, 2000

**S 1542. VIDEO POKER MACHINES.** Intro. 5/30/00. House committee substitute and amendments make the following changes to 3rd edition. Completely rewrites bill so it is now entitled an act TO PLACE A MORATORIUM ON THE INTRODUCTION OF NEW VIDEO GAMING MACHINES INTO THIS STATE, TO LIMIT THE NUMBER OF VIDEO GAMING MACHINES TO THREE PER LOCATION, TO DEFINE LOCATION, TO PROVIDE FOR REGISTRATION OF MACHINES, TO REQUIRE REPORTS TO THE NEXT REGULAR SESSION OF THE GENERAL ASSEMBLY, EXEMPTING CERTAIN ACTIVITIES, INCREASING CRIMINAL PENALTIES FOR VIOLATION, PROVIDING FOR SUSPENSION OR REVOCATION OF LICENSES FOR VIOLATION, REQUIRING LABELING OF MACHINES AS TO PENALTIES FOR CASH PAYOUTS, AND PROVIDING FOR SEIZURE OF UNLAWFUL VIDEO GAMING MACHINES. Adds new GS 14-306.1 to (1) make it unlawful to operate or place into operation or keep in possession for operation a video game for poker, bingo, craps, keno, lotto, games matching pictures or words or symbols, eight liner, or pot-of-gold, unless that machine was in operation in North Carolina before June 30, 2000 (this provision expires July 1, 2002), (2) provide that any location with such video games must be at least 300 feet from any other such location

(with an exception for locations under separate ownership in business on June 29, 2000), (3) require that every owner of such video game must register with the sheriff of the county where the machine is located by Oct. 1, 2000, and must reregister when the machine is moved to a different location, (4) require sheriffs to report to the General Assembly's Joint Legislative Comm'n on Governmental Operations on the registration process and enforcement costs. Provides that the section does not make unlawful any activities of a federally recognized Indian Tribe that are lawful under the Indian Gaming Regulatory Act or any other activity that is currently lawful. Bill's restrictions do not apply to manufacturer selling machines to Indian tribes for lawful use. Amends GS 105-113.4B to add violations of these video game rules as grounds for cancellation of a tobacco products tax license and GS 14-309 to make violations a Class 1 misdemeanor, except a Class H felony for the third and subsequent offenses. If the violation involves the operation of four or more machines, the felony is Class G. Amends GS 14-306 (which exempts from the definition of slot machines certain video games used only for amusement) to make clear that the exception does not apply to machines that pay off in cash or certain other prizes, and to require a sticker affixed to an exempt machine warning that it is a criminal offense to pay more than is allowed by law, and, in addition, if the machine has an attract chip that allows programming, the static display must contain the same message. Amends GS 14-298 to add these video games as items that may be seized by the sheriff for illegal use and possession, but to prevent their destruction if the illegal use of the machine was outside the knowledge of the owner. Directs the Legislative Research Comm'n to study the implementation of the act and recommend changes, no later than April 1, 2001. Act generally becomes effective Oct. 1, 2000, except the moratorium is effective when the bill becomes law.

July 10, 2000

**S 1542. VIDEO POKER MACHINES.** Intro. 5/30/00. House amendments make the following changes to 5th edition.

Revise proposed GS 14-306.1(a) to delete expiration of subsection on July 1, 2002.

Add GS 14-306.1(c1) to make it unlawful for anyone under eighteen years of age to play a video gaming machine defined under subsec. (c), and to make it a Class 1 misdemeanor for the operator of such a machine knowingly to allow a person under eighteen to play the machine.

Revise proposed GS 14-306.1(e) to require the registration form for a video gaming machine being registered with the sheriff to be signed under oath by the machine's owner. Material false statement in the registration form subjects owner to forfeiture of the machine.

Replace sec. 2 of bill with amendment to GS 105-164.29(d) to allow Sec'y of Revenue to revoke license of wholesale merchant or retailer for violation of GS 14-304 through GS 14-309, which currently forbid manufacture, sale, and operation of slot machines and similar devices. (In previous version, sec. 2 amended GS 105-113.4B to allow Sec'y to cancel license for sale of tobacco products for such violations.)

Delete provision in proposed amendment to GS 14-298 that would have exempted video gaming machine, operated in violation of proposed GS 14-306.1, from destruction if (1) machine was not owned by operator of premises on which machine was operated and (2) owner did not know of violation.

July 13, 2000

**S 1542. VIDEO POKER MACHINES.** Intro. 5/30/00. Conference report recommends the following changes to reconcile matters in controversy. Replaces 6th edition with conference committee substitute. Changes title to *AN ACT TO BAN THE INTRODUCTION OF NEW VIDEO GAMING MACHINES INTO THIS STATE, TO LIMIT THE NUMBER OF VIDEO GAMING MACHINES PER LOCATION, TO PROVIDE FOR REGISTRATION OF MACHINES, INCREASING CRIMINAL PENALTIES FOR VIOLATION, PROVIDING FOR SUSPENSION OR REVOCATION OF LICENSES FOR VIOLATION, AND PROVIDING FOR SEIZURE OF UNLAWFUL VIDEO GAMING MACHINES*. Effective when act becomes law, GS 14-306.1(a) makes it unlawful for person to operate, allow to be operated, place into operation, or keep in that person's possession for the purpose of operation any video gaming machine [defined in subsection (c) to include video poker game and other specified games] unless: (1) machine was lawfully in operation and available for play within this state on or before June 30, 2000, and listed in this state by Jan. 31,

2000, for ad valorem taxation for 2000-01 tax year; or (2) machine is within scope of exclusion provided in GS 14-306(b)(1). Effective Oct. 1, 2000, GS 14-306.1(b) makes it unlawful for person to operate, allow to be operated, place into operation, or keep in that person's possession for the purpose of operation at one location more than three video gaming machines. Effective Oct. 1, 2000, GS 14-306.1(c1) makes it an infraction for person under 18 to play video gaming machine and makes it unlawful for operator of such machine to knowingly allow person under 18 to play machine. Effective October 1, 2000, GS 14-306.1(c2) makes it unlawful to operate or allow operation of video gaming machine during hours of 2:00 a.m., Sunday through 7:00 a.m., Monday. Effective Oct. 1, 2000, GS 14-306.1(c3) requires video gaming machine available for operation to be in plain view of people visiting premises. Effective Oct. 1, 2000, GS 14-306.1(c4) makes it unlawful to advertise operation of video gaming machines by use of on-premise or off-premise signs. Effective Oct. 1, 2000, GS 14-306.1(d) provides that each location where it is lawful to operate video gaming machines must be at least 300 feet in any plane from any other location where such machines are operated; provides grandfather clause for operation on June 30, 2000. Effective when act becomes law, GS 14-306.1(e) requires that no later than Oct. 1, 2000, owner of video game regulated by section must register machine with sheriff of county in which machine is located using standardized form supplied by sheriff; sets out additional requirements. Each sheriff must report to Joint Legislative Comm'n on Governmental Operations (hereinafter, legislative comm'n) no later than Nov. 1, 2000, on total number of machines registered in county, itemizing how many locations have one, two, or three machines. Effective Oct. 1, 2000, GS 14-306.1(e1) requires owner of each machine or agent of that owner to report each calendar quarter to Dep't of Revenue the total amount of gross receipts itemized by each machine, the number of machines at that location, and total value of prizes and merchandise awarded to players of each machine at that location. Dep't of Revenue must compile reports and make summary report each quarter to legislative comm'n. Effective Oct. 1, 2000, GS 14-306.1(f) requires NC Sheriffs' Ass'n, after consultation with Div'n of Alcohol Law Enforcement and Conference of District Att'ys, to report to legislative comm'n by Jan. 1, 2001, its estimates of costs of registration process and cost of enforcement of section, along with suggested fees to make registration and enforcement self-supporting, and recommendations about system with registration at state level and primary enforcement at local level. Effective when act becomes law, GS 14-306.1(i) exempts activities under Indian Gaming Regulatory Act, and GS 14-306.1(j) provides that section does not preempt more restrictive local ordinances. Effective Oct. 1, 2000, adds new GS 14-306.2 to provide that violation of GS 14-306.1 is violation of gambling statutes for purpose of GS 18B-1005(a)(3). Effective for offenses committed on or after Oct. 1, 2000, GS 14-309 makes a violation of GS 14-304 through 14-309 a Class 1 misdemeanor for first offense, Class I felony for second offense, and Class H felony for third or later offense; however, person violating GS 14-306.1 involving operation of five or more machines prohibited by act commits Class G felony. Effective for offenses committed on or after Oct. 1, 2000, adds new GS 14-306(d) to provide that exemption in subsection (b)(2) does not apply when prizes, merchandise, credits, or replays are (i) repurchased for cash or rewarded by cash, (ii) exchanged for merchandise of value of more than ten dollars, or (iii) when there is cash payout of any kind by person operating or managing machine or premises or by any agent or employee of person. Effective when act becomes law, amends GS 14-298 to authorize law enforcement officers to seize and destroy video game machine prohibited to be used by GS 14-306 or GS 14-306.1.