

May 25, 2010

H 2030. VIDEO GAMING ENTERTAINMENT ACT. Filed 5/25/10. *TO ALLOW VIDEO GAMING FOR THE PURPOSE OF PROFIT SHARING WITH THE STATE OF NORTH CAROLINA.*

Enacts new GS Chapter 18D, the *Video Gaming Entertainment Act*. Defines a *video gaming machine* as a computer terminal or other video display device used to reveal sweepstakes entries or play simulated games of chance with rewards. Provides definitions for additional terms, including simulated game of chance, as they apply in the proposed Chapter.

Directs the Department of Revenue (Department) to make a video gaming permit available and requires the permit to be affixed to all approved video gaming machines in a location and in a manner prescribed by the Department. Provides that the placement of the video gaming permit on the machine indicates that the machine has been registered, inspected, and approved for operation in North Carolina. Requires that the permit be issued annually. Prohibits anyone other than authorized Department personnel and the licensed operator from affixing or removing the permit. Requires manufacturers and licensed operators to make video gaming machines and associated equipment available for inspection by the Department. Prohibits transporting a video gaming machine out of the state until the permit has been removed.

Directs the Department to issue an operator's license to an individual, group of individuals, corporation, partnership, or association whom the Department determines is qualified to receive a license under this Chapter. Prohibits the Department from approving a license if the applicant: (1) has not been a resident of the state for at least three years immediately preceding the application, (2) has been convicted of a felony or gambling offense in federal or state court within 10 years of entering into the contract or employs officers and directors convicted of a felony or gambling offense, (3) is less than 21 years old, (4) has falsified the application, (5) is not current in filing all tax returns to the state and in payment of any tax liability owed to the state, and (6) is a permit holder or an employee of a licensed establishment. Requires the applicant to furnish all information and materials required or requested by the Department prior to determining the applicant's qualification for an operator's license. Requires the applicant and any partner, director, officer, and all stockholders to submit to a background investigation that includes a criminal record check and to pay any required fees for the criminal record check. Prohibits a licensed operator from having a total of more than 500 video gaming machines in the state to be played or operated at any one time. Places the burden of proving qualification on the applicant.

Provides restrictions on the licensing of establishments for video gaming based on the applicant's meeting certain prescribed qualifications. Provides that the Department may not license any establishment in which the applicant's establishment would be engaged exclusively in the business of housing video gaming machines. Prohibits there being more than one licensed establishment per single roofline.

Requires each applicant for an operator's license to pay an annual fee of \$5,000. Directs the Department to charge a licensed operator an annual fee of \$250 per video gaming machine. Provides that failure to pay the fee is grounds to revoke an operator's license. Entitles the Department to an administrative expense reimbursement of 4% of the fees collected under this provision. Remits any remaining funds from the operator's license fees to the General Fund. Distributes any remaining funds from the video gaming machine fees to the county where the establishment is located, or to the city if the establishment is located within the corporate limits of a city.

Allows a maximum of 10 video gaming machines to be located in any licensed establishment. Only allows machines with a video gaming permit to be placed in a licensed establishment. Prohibits the issuance of a license for any establishment located within 50 feet of a church, public school, or any nonpublic school. Prohibits persons less than 18 years of age from playing video gaming machines. Provides additional guidelines regarding temporary replacement of video gaming machines for servicing and repair and conducting of security assessments.

Restricts a single wager on a video gaming machine with a permit to no more than \$5.

Directs the Department to develop a model contract to be used between licensed operators and licensed establishments and provides that the contracts are to address IRS report requirements. Provides additional guidelines regarding the transportation of video gaming machines between licensed establishments in the State. Provides that the Unauthorized

Substance Division of the Department is to have sole enforcement authority of this Chapter. Authorizes the Department to inspect a licensed establishment or licensed manufacturer at any time during normal business hours.

Makes conforming changes to GS 14-292, 14-293, 14-296, 14-299, 14-301, 14-302, 14-304, 14-305, 14-306, and 14-306.1A.

Enacts new GS 114-19.26 authorizing the Department of Justice to provide any required information regarding the criminal history of any applicant for an operator's license or a licensed establishment. Provides for confidentiality of information and the charging of a background check fee.

Effective January 1, 2011.

Intro. by K. Alexander.

GS 14, 18D, 114