

GENERAL ASSEMBLY OF NORTH CAROLINA
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HOUSE BILL DRH10234-STf-7 (08/01)

Short Title: Gaming Commission/VLTs. (Public)

Sponsors: Representative Warren.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE NORTH CAROLINA GAMING COMMISSION AND
3 AUTHORIZE THE REGULATION OF VIDEO LOTTERY TERMINALS AND
4 FANTASY FOOTBALL LEAGUES.

5 The General Assembly of North Carolina enacts:

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

8 "Article 9.

9 "Video Lottery Entertainment.

10 "Part 1. General Provisions.

11 "**§ 18C-200. Definitions.**

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

- 14 (1) Central monitoring system. – The system that maintains on a real-time basis
15 the financial, integrity, and security controls on video lottery terminals and
16 associated equipment and provides administrative services for its operation.
- 17 (2) Distributor. – An individual, partnership, corporation, trust, association, joint
18 venture, limited liability company, or other business entity that distributes or
19 sells video lottery terminals or associated equipment in the State of North
20 Carolina.
- 21 (3) Gross income. – Wagers inserted into a video lottery terminal minus any
22 credits.
- 23 (4) License. – Authorization granted by the Commission permitting an applicant
24 to engage in the defined activities of video lottery.
- 25 (5) Manufacturer. – An individual, partnership, corporation, trust, association,
26 joint venture, limited liability company, or other business entity that
27 manufactures, assembles, services, or produces video lottery terminals or
28 associated equipment in this State.
- 29 (6) Operator. – An individual, partnership, corporation, trust, association, joint
30 venture, limited liability company, or other business entity that owns and/or
31 services a video lottery terminal for which a video lottery terminal permit
32 has been issued by the Commission and that places video lottery terminals or
33 associated equipment for public use in the State of North Carolina.
- 34 (7) Video lottery games. – Electronically simulated games of chance approved
35 by the Commission that are displayed and played on licensed video lottery
36 terminals.



- 1 (8) Video lottery retailer. – An establishment under contract with the
2 Commission to place video lottery terminals on premises authorized by the
3 contract.
- 4 (9) Video lottery terminal. – A device operated under the authority of the
5 Commission that shall be exempt under G.S. 14-306.1A and is any
6 electronic computerized video game machine that, upon the insertion of
7 cash, player's club card, or other form of lottery prize or promotional credit,
8 is available to play a video lottery game authorized by the Commission, and
9 which uses a video display and microprocessors in which, by chance, the
10 player may receive free games or credits that can be redeemed for cash. The
11 term does not include a machine that directly dispenses coins, cash, or
12 tokens.
- 13 (10) Video lottery terminal permit. – A permanently affixed tag or other device
14 issued to a licensed operator for each video lottery terminal approved by and
15 registered with the Commission.
- 16 (11) Wager. – A sum of money or thing of value risked on an uncertain
17 occurrence.

18 **§§ 18C-201 through 18C-202. Reserved.**

19 **§ 18C-203. Video lottery; allocation of revenues.**

20 Subject to the limitations set forth in this Chapter, the Commission may initiate video
21 lottery games played using a video lottery terminal. The Commission shall determine the
22 allocation of net income from video lottery terminals and the procedures for the monitoring,
23 collection, and distribution of income from the video lottery terminals, provided that no less
24 than forty-six percent (46%) of the total annual revenues shall be transferred to the North
25 Carolina State Lottery Fund following the procedures in Article 7 of this Chapter and no more
26 than eight percent (8%) of the total annual revenues shall be allocated for administrative
27 expenses of the Commission, which shall include all costs associated with the central
28 monitoring system. To the extent that the expenses of the Commission are less than eight
29 percent (8%) of total annual revenues, the Commission shall allocate any surplus funds to the
30 North Carolina State Lottery Fund.

31 **§§ 18C-204 through 18C-209. Reserved.**

32 "Part 2. Licenses and Permits.

33 **§ 18C-210. Video lottery permit required on video lottery terminals.**

34 (a) The Commission shall make available a video lottery permit that shall be affixed to
35 all approved video lottery terminals in a location and manner set forth by the Commission. The
36 placement of the video lottery permit represents that the machine has been registered,
37 inspected, and approved for operation in the State.

38 (b) The Commission shall issue the video lottery permit annually, based on the number
39 of approved terminals registered with the Commission per licensed operator.

40 (c) No person other than authorized Commission personnel and the licensed operator
41 may affix or remove a video lottery permit.

42 (d) Manufacturers, distributors, licensed operators, and video lottery retailers must
43 make video lottery terminals and associated equipment available for inspection by the
44 Commission. No video lottery terminal shall be issued a permit unless the machine's software is
45 compatible with the Commission's central monitoring system and the games initiated and
46 approved by the Commission.

47 (e) Any terminal or machine that does not display the video lottery permit as required
48 by this section is illegal and subject to confiscation by any law enforcement officer.

49 (f) No video lottery terminal may be transported out of this State until the video lottery
50 permit has been removed.

51 **§ 18C-211. Reserved.**

1 **"§ 18C-212. Types of licenses.**

2 The Commission shall issue the following types of licenses associated with video lottery
3 entertainment:

4 (1) Manufacturer's license.

5 (2) Distributor's license.

6 (3) Operator's license.

7 **"§ 18C-213. Reserved.**

8 **"§ 18C-214. Minimum qualifications for all licensees.**

9 (a) Except as provided in subsection (b) of this section, an individual, group of
10 individuals, corporation, partnership, or association whom the Commission determines is
11 qualified to receive a license under this Article shall be issued a license.

12 (b) The Commission may not approve a licensed manufacturer applicant if any of the
13 following apply:

14 (1) The applicant has been convicted of a felony or any gambling offense in any
15 state or federal court of the United States within 10 years of issuance of the
16 license or employs officers and directors who have been convicted of a
17 felony or any gambling offense in any state or federal court of the United
18 States within 10 years of issuance of the license.

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

20 (3) The applicant has falsified the application.

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

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

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

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

30 b. A person whose background, including criminal record, reputation,
31 and associations do not pose a threat to the public interest of the State
32 or to the security and integrity of the Commission.

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

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

39 (c) The applicant must 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 must 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
44 Securities and Exchange Commission.

45 (d) The applicant must submit to a background investigation, including each partner,
46 director, officer, and all stockholders of five percent (5%) or more of any business entity,
47 except for institutional investors. The application shall be accompanied by the fee to cover the
48 cost of the 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) No licensee or applicant to be a licensee shall pay, give, or make any economic
2 opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service, including food
3 and beverages, to the Director, to any member or employee of the Commission, or to any
4 member of the immediate family residing in the same household as one of these individuals.

5 **"§ 18C-215. Reserved.**

6 **"§ 18C-216. Distributors and operators license.**

7 (a) In addition to the criteria set out in G.S. 18C-214(b), the Commission may not
8 approve an application for a distributor's or operator's license if the applicant has not been a
9 resident of North Carolina for at least three years immediately preceding the application.

10 (b) A licensed distributor or operator may not make available more than the maximum
11 number of video lottery terminals, as established by the Commission, in the State to be played
12 or operated at any one time.

13 **"§ 18C-217. Reserved.**

14 **"§ 18C-218. Minimum qualification for video lottery retailers.**

15 (a) In addition to the criteria set out in G.S. 18C-214(b), the Commission may not
16 approve an application for a video lottery retailer's license if the applicant meets any of the
17 following criteria:

18 (1) Is a person whose establishment would be engaged exclusively in the
19 business of housing video lottery gaming machines.

20 (2) Is a person who resides in the same household as a member of the
21 Commission, the Director, or any other employee of the Commission.

22 (3) Is a person who does not possess an on-premises malt beverage permit,
23 on-premises unfortified or fortified wine permit, or mixed beverages permit
24 by the North Carolina Alcoholic Beverage Control Commission under
25 Chapter 18B of the General Statutes.

26 (b) Any applicant who holds more than one permit as issued by the North Carolina
27 Alcoholic Beverage Control Commission must submit a separate application, qualification, and
28 fees for each premises for licensure by the Commission.

29 (c) The applicant for a video lottery retailer's license shall provide, in addition to other
30 information required by the Commission, all of the following information:

31 (1) Name of the licensed establishment.

32 (2) Address of the licensed establishment.

33 (3) Phone number of the licensed establishment.

34 (4) Name, address, and phone number of each owner of the licensed
35 establishment.

36 (d) There shall be no more than one licensed establishment per single roofline.

37 (e) The establishment shall meet all siting requirements set forth by G.S. 18C-330.

38 **"§ 18C-219. Reserved.**

39 **"§ 18C-220. Fees.**

40 (a) The Commission shall charge each applicant for a manufacturer's license an annual
41 fee of ten thousand dollars (\$10,000).

42 (b) The Commission shall charge each applicant for a distributor's license an annual fee
43 of ten thousand dollars (\$10,000).

44 (c) The Commission shall charge each applicant for an operator's license an annual fee
45 of five thousand dollars (\$5,000) and an annual terminal fee of one hundred and four dollars
46 (\$104.00) per terminal.

47 (d) The Commission shall charge each applicant for a video retailer's license an annual
48 fee of five hundred dollars (\$500.00) plus a weekly telecommunication fee as established by
49 the Commission.

50 (e) The Commission shall charge each applicant for a service technician's license an
51 annual fee of fifty dollars (\$50.00).

1 (f) In addition to the annual license fees, the Commission may charge a one-time
2 license application fee not to exceed fifty dollars (\$50.00) and the cost of the criminal and
3 financial record check.

4 (g) Failure to pay the specified fees shall be cause for revocation of the entity's license.

5 (h) All licenses issued by the Commission are renewable annually unless sooner
6 cancelled or terminated. No license issued by the Commission is transferable or assignable.

7 **"§ 18C-221. Reserved.**

8 **"§ 18C-222. Multiple types of licenses prohibited.**

9 (a) A video lottery terminal manufacturer may not be licensed as a video lottery
10 terminal operator or own, manage, or control a licensed establishment. A video lottery terminal
11 distributor may not be licensed as a video lottery terminal operator or own, manage, or control
12 a licensed establishment. A video lottery terminal operator may not be licensed as a video
13 lottery terminal manufacturer or distributor. An owner or manager of a licensed establishment
14 may not be licensed as a video lottery terminal manufacturer or distributor.

15 (b) Nothing in this section restricts an owner or manager of a single licensed
16 establishment from owning video lottery terminals licensed and placing such machines on the
17 premises, provided they meet the same requirements of video lottery terminal operators,
18 including the payment of all required operator licensing and terminal fees.

19 (c) Nothing in this section prohibits the Commission, after prior notice to all licensed
20 video lottery terminal operators, from authorizing the placement of video lottery terminals by a
21 manufacturer in an establishment that satisfactorily demonstrates that it is otherwise unable to
22 obtain appropriate machine placement of service.

23 **"§ 18C-223. Reserved.**

24 **"§ 18C-224. General duties of licensees.**

25 (a) All video lottery license holders shall do all of the following:

26 (1) Promptly report to the Commission any factors or circumstances related to
27 video lottery operations that constitute a violation of State or federal law.

28 (2) Conduct all video lottery activities and functions in a manner that does not
29 pose a threat to the public health, safety, or welfare of the citizens of this
30 State and that does not adversely affect the security and integrity of the
31 lottery or harm the video lottery industry.

32 (3) Hold the Commission and the State of North Carolina harmless from and
33 defend and pay for the defense of any and all claims that may be asserted
34 against a license holder, this State, or the Commission and its employees
35 arising from the license holder's participation in or operation of the video
36 lottery.

37 (4) Assist the Commission in maximizing video lottery revenues to the State.

38 (5) Maintain all records required by the Commission.

39 (6) Keep current in all payments and obligations to the Commission.

40 (b) All video lottery retailers shall remit XX percent of net income of each video lottery
41 terminal to the Commission on a schedule established by the Commission.

42 **"§§ 18C-225 through 18C-229. Reserved.**

43 "Part 3. Video Gaming Machines.

44 **"§ 18C-330. Possession.**

45 (a) Only video lottery terminals with a video lottery permit may be placed in a licensed
46 establishment. No more than the maximum number of video lottery terminals with a video
47 lottery permit, as established by the Commission, may be located in any licensed establishment.

48 (b) In order to control access to video lottery terminals by minors, video lottery
49 terminals may be placed only on the premises of an establishment issued an on-premises malt
50 beverage permit, on-premises unfortified or fortified wine permit, or mixed beverages permit

1 by the North Carolina Alcoholic Beverage Control Commission under Chapter 18B of the
2 General Statutes.

3 (c) Video lottery terminals with a video lottery permit may not be played by persons
4 less than 21 years of age.

5 (d) All video lottery terminals in licensed establishments must be physically located in
6 compliance with all of the following:

7 (1) In the sight and control of the owner, the manager, or an employee of the
8 licensed establishment from the location at which alcoholic beverages are
9 dispensed.

10 (2) In an area that ensures public access to the terminals is restricted to persons
11 legally entitled by age to be on the premises.

12 (3) In an area that is at all times monitored by the owner, manager, or employee
13 of the licensed establishment to prevent access to or play of video lottery
14 terminals by persons under the age of 21.

15 (e) Licensed operators shall file with the Commission the location of any establishment
16 in which permitted video lottery terminals are located, and those locations shall be licensed
17 establishments. The Commission shall not issue any license for an establishment located within
18 50 feet of a church, public school, or any nonpublic school as defined by Parts 1 or 2 of Article
19 39 of Chapter 115C of the General Statutes at the time of licensure.

20 **"§ 18C-331. Reserved.**

21 **"§ 18C-332. Play and posting of odds.**

22 Video lottery terminals with a video lottery permit may not allow more than the amount
23 established by the Commission to be played on a single wager. The odds of winning each video
24 lottery game shall be posted on or near each video lottery terminal. The manner in which the
25 odds are calculated and how the odds are posted shall be established by the Commission by
26 rule.

27 **"§ 18C-333. Reserved.**

28 **"§ 18C-334. Video lottery contract.**

29 (a) The Commission shall develop a model contract to be used between licensed
30 operators and licensed video lottery retailers. The Commission may seek input into the
31 development of the model contract from licensed operators and video lottery retailers.

32 (b) All contracts between licensed operators and licensed video lottery retailers shall
33 address the need to report to the Internal Revenue Service and the Commission any credits paid
34 out in cash to individuals playing the video lottery terminal.

35 (c) Other than the share of net income authorized by the Commission under this Article,
36 a licensed operator shall not offer any item of value to a licensed video lottery retailer or an
37 employee of a licensed video lottery retailer in exchange for allowing the licensed operator to
38 place video lottery terminals in the licensed video lottery retailer's establishment.

39 **"§ 18C-335. Reserved.**

40 **"§ 18C-336. Transportation between licensed video lottery retailer's establishments in the**
41 **State.**

42 Any person transporting a video lottery terminal from one licensed video lottery retailer's
43 establishment to another in the State, other than for servicing or repair, shall notify the
44 Commission in writing prior to the transportation of the video lottery terminal. The written
45 notification shall contain at least all of the following:

46 (1) The full name and address of the person or entity transporting the video
47 lottery terminal.

48 (2) The reason for the transportation of the video lottery terminal.

49 (3) The full name, address, and license number of the licensed video lottery
50 retailer's establishment where the video gaming machine is currently located.

1 (4) The full name and address of the person or entity to whom the video lottery
2 terminal is being delivered and the destination of the video lottery terminal if
3 it is different from the address.

4 (5) The serial number and model number of the video lottery terminal.

5 (6) The video lottery terminal permit number.

6 (7) The expected date and time of the transportation.

7 "**§§ 18C-337 through 18C-339. Reserved.**

8 "Part 4. Enforcement.

9 "**§ 18C-400. Enforcement.**

10 The Commission shall have sole administrative enforcement authority of this Chapter.

11 "**§ 18C-401. Reserved.**

12 "**§ 18C-402. Inspection of premises, records, activities.**

13 At any time during normal business hours, the Commission or the Department of Public
14 Safety, Alcohol Law Enforcement Branch, may inspect an establishment of a licensed video
15 lottery, licensed operator, licensed distributor, or a licensed manufacturer. The inspection may
16 include the examination of records, equipment, and proceeds related to the operation.

17 "**§ 18C-403. Reserved.**

18 "**§ 18C-404. Criminal offenses.**

19 (a) Any person who tampers with a video lottery terminal with intent to interfere with
20 the proper operation of such terminal is guilty of a Class 1 misdemeanor.

21 (b) Any person who, with intent to manipulate the outcome, payoff, or operation of a
22 video lottery terminal, manipulates the outcome, payoff, or operation of a video lottery terminal
23 by physical tampering or any other means is guilty of a Class 5 felony.

24 (c) A machine owner who falsely reports or fails to report the amount due required by
25 the Commission is guilty of a Class 6 felony and is subject to termination of his or her license
26 by the Commission.

27 (d) Any video lottery retailer or operator who pays a prize to any person in the amount
28 less than the specified prize won is guilty of a Class 6 felony and is subject to termination of his
29 or her license by the Commission.

30 (e) The Department of Public Safety, Alcohol Law Enforcement Branch, shall have
31 sole enforcement authority under this section."

32 **SECTION 2.** Recodification; Name Change; Technical and Conforming Changes.

33 – The Revisor of Statutes shall recodify Part 2 of Article 37 of Chapter 14 of the General
34 Statutes, Bingo and Raffles, and Article 68 of Chapter 143 of the General Statutes, Regulation
35 of Boxing, into new Articles under Chapter 18C of the General Statutes.

36 When recodifying, the Revisor is authorized to change all references to the North
37 Carolina State Lottery Commission to instead be references to the North Carolina Gaming
38 Commission. The Revisor may separate subsections of existing statutory sections into new
39 sections and, when necessary to organize relevant law into its proper place in Chapter 18C of
40 the General Statutes, as amended by this act, may rearrange sentences that currently appear
41 within subsections. The Revisor may modify statutory citations throughout the General
42 Statutes, as appropriate, and may modify any references to statutory divisions, such as
43 "Chapter," "Subchapter," "Article," "Part," "section," and "subsection," adjust the order of lists
44 of multiple statutes to maintain statutory order, correct terms and conform names and titles
45 changed by this act, eliminate duplicative references to the Lottery Commission that result from
46 the changes authorized by this section, and make conforming changes to catch lines and
47 references to catch lines. The Revisor may also adjust subject and verb agreement and the
48 placement of conjunctions. The Revisor shall consult with the North Carolina State Lottery
49 Commission, the Alcohol Law Enforcement Branch of the Department of Public Safety, and
50 the State Bureau of Investigation on this recodification.

51 **SECTION 3.** G.S. 18C-103(4) reads as rewritten:

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

6 **SECTION 4.** G.S. 18C-114 reads as rewritten:

7 **"§ 18C-114. Powers and duties of the Commission.**

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

- 9 (1) To specify the types of lottery games and gaming technology to be used in
10 the Lottery.
- 11 (2) To prescribe the nature of lottery advertising and video lottery entertainment
12 advertising, which shall comply with the following:
- 13 a. All advertising shall include resources for responsible gaming
14 information.
- 15 b. No advertising may intentionally target specific groups or economic
16 classes.
- 17 c. No advertising may be misleading, deceptive, or present any lottery
18 game as a means of relieving any person's financial or personal
19 difficulties.
- 20 d. No advertising may have the primary purpose of inducing persons to
21 participate in the Lottery.
- 22 (3) To specify the number and value of prizes for winning tickets or shares in
23 lottery games, including cash prizes, merchandise prizes, prizes consisting of
24 deferred payments or annuities, and prizes of tickets or shares in the same
25 lottery game or other lottery games.
- 26 (4) To specify the rules of lottery games and the method for determining
27 winners of lottery games.
- 28 (5) To specify the retail sales price for tickets or shares for lottery games.
- 29 (6) To establish a system to claim prizes, including determining the time periods
30 within which prizes must be claimed, to verify the validity of tickets or
31 shares claimed to win prizes, and to effect payment of those prizes.
- 32 (7) To conduct a background investigation, including a criminal history record
33 check, of applicants for the position of Director, which may include a search
34 of the State and National Repositories of Criminal Histories based on the
35 fingerprints of applicants.
- 36 (8) To charge a fee of potential ~~contractors and~~contractors, lottery ~~contractors~~
37 contractors, and applicants under Article 9 of this Chapter, to not exceed the
38 cost of the criminal record check of the potential contractors and lottery
39 contractors.
- 40 (9) To specify the manner of distribution, dissemination, or sale of lottery
41 tickets or shares to lottery game retailers or directly to the public.
- 42 (10) To determine the incentives, if any, for any lottery employees, lottery
43 retailers, lottery contractors, or electronic computer terminal operators.
- 44 (11) To specify the authority, compensation, and role of the Director, and to
45 specify the authority, selection, and role of the other employees of the
46 Commission. All of the following apply to all employees of the
47 Commission:
- 48 a. No employee of the Commission may have a financial interest in any
49 lottery potential contractor or lottery contractor, other than an interest
50 as part of a mutual fund.

- 1 b. No employee of the Commission with decision-making authority
2 shall participate in any decision involving the retailer or potential
3 contractor with whom the employee has a financial interest.
- 4 c. No employee of the Commission who leaves the employment of the
5 Commission may represent any lottery contractor, potential
6 contractor, or retailer before the Commission for a period of one year
7 following termination of employment with the Commission.
- 8 d. A background investigation shall be conducted on each applicant for
9 employment with the Commission.
- 10 e. The Commission shall bond all employees with access to lottery
11 funds or revenue or security.
- 12 (12) To approve and authorize the Director to enter into agreements with other
13 states to operate and promote multistate lotteries consistent with the
14 purposes set forth in this Chapter.
- 15 (13) Any other powers necessary for the Commission to carry out its
16 responsibilities under this Chapter.
- 17 (14) To adopt rules to implement this Chapter, including establishing reasonable
18 regulation of video lottery entertainment.
- 19 (15) To establish requirements for linking all video lottery terminals under a
20 central monitoring system to provide auditing program information,
21 including creating and maintaining a central monitoring system, which may
22 not limit participation to only one manufacturer of video lottery terminals by
23 either cost of implementing the necessary program modifications to
24 communicate or the inability to communicate with the central monitoring
25 system.
- 26 (16) To establish criteria for information system, operating procedures, reporting,
27 and accounting criteria for video lottery entertainment.
- 28 (b) Article 15 of Chapter 143B of the General Statutes shall not apply to the
29 Commission."

30 **SECTION 5.** G.S. 18C-120 reads as rewritten:

31 **"§ 18C-120. Selection of the Director; powers and duties.**

32 (a) The Commission shall select a Director to operate and administer the Lottery and to
33 serve as the Secretary of the Commission. Except as to the provisions of Articles 6 and 7 of
34 Chapter 126 of the General Statutes, the Director shall be exempt from the North Carolina
35 Human Resources Act.

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

- 38 (1) To provide for the reporting of payment of lottery game prizes to State and
39 federal tax authorities and for the withholding of State and federal income
40 taxes from lottery game prizes as provided in State and federal law.
- 41 (2) To conduct a background investigation, including a criminal history record
42 check, of applicants for employment with the Commission, lottery retailers,
43 ~~and~~ lottery potential contractors, and applicants under Article 9 of this
44 Chapter, which may include a search of the State and National Repositories
45 of Criminal Histories based on the fingerprints of applicants.
- 46 (3) To set the salaries of all Commission employees, subject to the approval of
47 the Commission. Except for the provisions of Articles 6 and 7 of Chapter
48 126 of the General Statutes, all employees of the Commission shall be
49 exempt from the North Carolina Human Resources Act.

- 1 (4) To enter into contracts with lottery retailers, lottery contractors, ~~or~~ lottery
2 ~~suppliers—suppliers, or licensees under Article 9 of this Chapter upon~~
3 approval by the Commission.
- 4 (5) To provide for the security and accuracy in the operation and administration
5 of the Commission and the Lottery, including examining the background of
6 all prospective employees, lottery potential contractors, lottery contractors,
7 ~~and lottery retailers—retailers, and applicants under Article 9 of this Chapter.~~
- 8 (6) To coordinate and collaborate with the appropriate law enforcement
9 authorities regarding investigations of violations of the laws relating to the
10 operation of the Lottery and make reports to the Commission regarding
11 those investigations.
- 12 (7) To confer with the Commission on the operation and administration of ~~the~~
13 ~~Lottery~~this Chapter and make available for inspection by the Commission all
14 books, records, files, documents, and other information ~~of—the~~
15 ~~Lottery~~maintained under this Chapter.
- 16 (8) To study the operation and administration of other lotteries and to collect
17 demographic and other information concerning the Lottery and make
18 recommendations to improve the operation and administration of the Lottery
19 to the Commission, to the Governor, and to the General Assembly.
- 20 (9) To provide monthly financial reports to the Commission of all ~~lottery~~
21 revenues, prize disbursements, expenses, net revenues, and all other
22 financial transactions involving lottery funds.
- 23 (10) To enter into agreements with other states to operate and promote multistate
24 lotteries consistent with the purposes set forth in this Chapter and upon the
25 approval of the Commission.
- 26 (11) To engage an independent firm experienced in security procedures,
27 including computer security and systems security, to conduct a
28 comprehensive study and evaluation of all aspects of security in the
29 operation of the video lottery terminals. At a minimum, such a security
30 assessment is to include a review of network vulnerability, application
31 vulnerability, application code review, wireless security, security policy and
32 processes, security and privacy program management, technology
33 infrastructure and security controls, security organization and governance,
34 and operational effectiveness."

35 **SECTION 6.** G.S. 18B-500(b) reads as rewritten:

36 "(b) Subject Matter Jurisdiction. – After taking the oath prescribed for a peace officer, an
37 alcohol law-enforcement agent shall have authority to arrest and take other investigatory and
38 enforcement actions for any criminal offense. The primary responsibility of an agent shall be
39 enforcement of the ~~ABC—ABC, gaming,~~ and lottery laws."

40 **SECTION 7.** The North Carolina Gaming Commission, as established by this act,
41 may take the necessary actions to develop and implement any licensing and application process
42 authorized by this act. Beginning _____, the North Carolina Gaming Commission may accept
43 applications, charge and collect fees, and issue licenses, as authorized by this act.

44 **SECTION 8.** Sections 1 through 6 of this act become effective January 1, 2018.
45 The remainder of this act is effective when it becomes law.