

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 511
Committee Substitute Favorable 4/19/17
PROPOSED COMMITTEE SUBSTITUTE H511-PCS40579-TMf-13

Short Title: Game Nights/Nonprofit Fund-Raiser.

(Public)

Sponsors:

Referred to:

March 29, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE NONPROFIT ORGANIZATIONS TO OPERATE "GAME
3 NIGHTS," TO PROVIDE FOR THE REGULATION OF NONPROFIT
4 ORGANIZATIONS HOLDING "GAME NIGHTS," AND TO ALLOW THE
5 CONSUMPTION OF ALCOHOLIC BEVERAGES AT "GAME NIGHTS."

6 The General Assembly of North Carolina enacts:

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

8 "**§ 14-292. Gambling.**

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

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

17 "Part 4. Game Nights.

18 "**§ 14-309.25. Definitions.**

19 The following definitions apply in this Part:

20 (1) Exempt organization. – An organization that has been in continuous
21 existence in the county of operation of the game night for at least five years
22 and that is exempt from taxation under section 501(c)(3), 501(c)(4),
23 501(c)(5), or 501(c)(6) of the United States Internal Revenue Code.

24 (2) Game night. – A specific event at which games of chance are played and
25 prizes are awarded by raffle and that is sponsored by or on behalf of an
26 exempt organization for the primary purpose of raising funds for the exempt
27 organization.

28 (3) Local law enforcement agency. – Any county or municipal law enforcement
29 agency that has territorial and subject matter jurisdiction over the location at
30 which the game night is being held.

31 (4) Qualified facility. – As defined in G.S. 18B-1000.

32 "**§ 14-309.26. Game nights.**

33 (a) It is lawful for an exempt organization to conduct a game night at a qualified facility
34 in accordance with the provisions of this Part. It is lawful for persons to participate in a game



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

3 (b) If any exempt organization conducts a game night in violation of any provision of
4 this Part, the person indicated in G.S. 14-309.27(b)(2) is guilty of a Class 2 misdemeanor. In
5 addition to any fine that may be imposed, an exempt organization convicted of a violation
6 under this Part shall not conduct a game night for a period of one year from the date of the
7 conviction.

8 **"§ 14-309.27. Permit procedure.**

9 (a) An exempt organization shall not operate a game night without first obtaining a
10 permit as provided by this Part. The application for a game night permit shall be on a form
11 prescribed by the Alcohol Law Enforcement Branch of the Department of Public Safety and
12 shall be submitted to either the central office or to the Alcohol Law Enforcement district office
13 with jurisdiction over the qualified facility agreeing to host the event. The exempt organization
14 shall apply at least 30 days in advance of the date for the game night event.

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

- 17 (1) The name and address of the exempt organization that is applying for the
18 permit.
- 19 (2) The name, address, and signature of the person applying on behalf of the
20 exempt organization and who will be responsible for the event.
- 21 (3) Verification of the tax-exempt status of the exempt organization, except, if
22 the applicant is a local chapter, division, lodge, or branch of the exempt
23 organization, then verification of the tax-exempt status of the parent
24 organization.
- 25 (4) Verification of the exempt organization's status as a licensed or exempt
26 charitable or sponsor organization pursuant to Chapter 131F of the General
27 Statutes.
- 28 (5) The time, duration, date, and place of the event.
- 29 (6) The games proposed to be operated.
- 30 (7) The name and address of the person, firm, or corporation who will operate
31 the games and the relationship, if any, of such person, firm, or corporation to
32 the exempt organization or qualified facility.
- 33 (8) The area of the premises in which the event will be held.

34 (c) A separate application shall be required for each game night event. A fee of one
35 hundred dollars (\$100.00) shall be charged for each permit. The permit fees assessed under this
36 Part are payable to the Alcohol Law Enforcement Branch of the Department of Public Safety
37 and shall be collected and used by the Alcohol Law Enforcement Branch to defray the costs of
38 issuing game night permits. The permit shall be displayed at the event. A qualified facility shall
39 not be subject to civil or criminal liability for violating this Part if the exempt organization
40 provides the facility with a permit for the game night event.

41 **"§ 14-309.28. Limits on game night events.**

42 The following limitations apply to game night events:

- 43 (1) The number of game night events conducted or sponsored by an exempt
44 organization shall be limited to four events per year.
- 45 (2) The event shall not exceed a period of five hours each per event. No more
46 than one game night event shall be held in any quarter of a calendar year that
47 begins January 1.
- 48 (3) No more than two game night events shall be operated or conducted in any
49 one building, hall, or structure during any one calendar week, and if two
50 events are held, they must be held by different exempt organizations on
51 different nights of the week.

1 (4) There shall be no operation of a game night event between the hours of 2:00
2 A.M. and 12:00 noon Monday through Saturday, or between the hours of
3 2:00 A.M. and 2:00 P.M. Sunday.

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

6 **"§ 14-309.29. Game night; prizes and costs.**

7 No games at a game night event may be played for cash or cash prizes. Prizes shall be
8 awarded only through a raffle. Participants may exchange chips, markers, or tokens from the
9 game night event for raffle tickets. The cost of the prizes and expenses to operate the game
10 night event, excluding the cost of food, beverages, and entertainment, shall not exceed the
11 proceeds derived from the event. If the exempt organization hires a game night vendor for the
12 event, payment shall be by fixed fee.

13 **"§ 14-309.30. Operation of game night events.**

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

15 (1) Roulette.

16 (2) Blackjack.

17 (3) Poker.

18 (4) Craps.

19 (5) Simulated Horse Race.

20 (6) Merchandise wheel of fortune.

21 (7) Any other game specified in the permit application and approved by Alcohol
22 Law Enforcement.

23 **"§ 14-309.31. Use of proceeds.**

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

29 **"§ 14-309.32. Violation is gambling.**

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

33 **"§ 14-309.33. Applicability.**

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

36 **"§ 14-309.34. Applicability to employer paid events or events at a private residence.**

37 Nothing in this Part shall prevent an employer from holding a game night event for
38 employees and guests, a trade association from holding a game night event for its members and
39 guests, or a private individual from holding a game night event at a private residence, as long as
40 there is no cost or charge to the attendees. Such events may be held in venues without licenses
41 to serve alcohol."

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

43 **"§ 18B-1000. Definitions concerning establishments.**

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

45 ...

46 (5a) Qualified facility. – A facility that has any of the following permits:

47 a. On-premises malt beverage.

48 b. On-premises unfortified wine.

49 c. On-premises fortified wine.

50 d. Mixed beverages.

1 ~~(5a)~~(5b) Residential private club. – A private club that is located in a privately
2 owned, primarily residential and recreational development.

3 "

4 **SECTION 4.** The Department of Public Safety shall make a report to the 2019
5 Regular Session of the General Assembly detailing the administration of game night event
6 permits, including the total number of applications received by permittee type, the total number
7 of permits issued, the number of ABC violations reported at establishments that hosted game
8 night events, and any other information the Department deems appropriate to report regarding
9 this act, and shall provide a recommendation as to whether the General Assembly should
10 modify this act. If the recommendation is to modify this act, the Department of Public Safety
11 shall submit recommended proposed legislation to the 2019 Regular Session of the General
12 Assembly.

13 **SECTION 5.** This act becomes effective October 1, 2017. If a final order by a
14 court of competent jurisdiction finds that any portion of this act is unconstitutional, or if the
15 passage of this act would cause the State to forfeit payments due under a compact entered into
16 between the State and a federally recognized Indian tribe, this act is void.