

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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HOUSE BILL 511  
Committee Substitute Favorable 4/19/17  
Committee Substitute #2 Favorable 5/23/17  
Senate Commerce and Insurance Committee Substitute Adopted 6/21/17  
PROPOSED SENATE COMMITTEE SUBSTITUTE H511-PCS10394-SAf-42

Short Title: Game Nights/Nonprofit Fund-Raiser.

(Public)

Sponsors:

Referred to:

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," TO ALLOW THE CONSUMPTION OF ALCOHOLIC BEVERAGES AT "GAME NIGHTS," TO INCREASE THE ABILITY OF NONPROFIT ORGANIZATIONS TO HOLD FUND-RAISING RAFFLES, AND TO AUTHORIZE REISSUANCE OF CERTAIN ONE-TIME ALCOHOLIC BEVERAGE CONTROL COMMISSION PERMITS.

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 by raffle 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.



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

2 **"§ 14-309.26. Game nights.**

3           (a) It is lawful for an exempt organization to conduct a game night at a qualified facility  
4 in accordance with the provisions of this Part. It is lawful for persons to participate in a game  
5 night conducted pursuant to this Part. It shall not constitute a violation of any State law to  
6 advertise a game night conducted in accordance with this Part.

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

12 **"§ 14-309.27. Permit procedure.**

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

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

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

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

25           (3) Verification of the tax-exempt status of the exempt organization, except, if  
26 the applicant is a local chapter, division, lodge, or branch of the exempt  
27 organization, then verification of the tax-exempt status of the parent  
28 organization.

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

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

33           (6) The games proposed to be operated.

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

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

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

45 **"§ 14-309.28. Limits on game night events.**

46           The following limitations apply to game night events:

47           (1) The number of game night events conducted or sponsored by an exempt  
48 organization shall be limited to four events per year.

49           (2) The event shall not exceed a period of five hours each per event. No more  
50 than one game night event shall be held in any quarter of a calendar year that  
51 begins January 1.

1           (3) No more than two game night events shall be operated or conducted in any  
2 one building, hall, or structure during any one calendar week, and if two  
3 events are held, they must be held by different exempt organizations on  
4 different nights of the week.

5           (4) There shall be no operation of a game night event between the hours of 2:00  
6 A.M. and 12:00 noon Monday through Saturday, or between the hours of  
7 2:00 A.M. and 2:00 P.M. Sunday.

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

10 **"§ 14-309.29. Game night; prizes and costs.**

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

17 **"§ 14-309.30. Operation of game night events.**

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

19           (1) Roulette.

20           (2) Blackjack.

21           (3) Poker.

22           (4) Craps.

23           (5) Simulated Horse Race.

24           (6) Merchandise wheel of fortune.

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

27 **"§ 14-309.31. Use of proceeds.**

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

33 **"§ 14-309.32. Violation is gambling.**

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

37 **"§ 14-309.33. Applicability.**

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

40 **"§ 14-309.34. Applicability to employer paid events or events at a private residence.**

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

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

47 **"§ 18B-1000. Definitions concerning establishments.**

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

49 ...

50           (5a) Qualified facility. – A facility that has any of the following permits:

51           a. On-premises malt beverage.

- 1                   b.     On-premises unfortified wine.  
 2                   c.     On-premises fortified wine.  
 3                   d.     Mixed beverages.  
 4       (5a)(5b) Residential private club. – A private club that is located in a privately  
 5                   owned, primarily residential and recreational development.

6       ...."

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

16           **SECTION 5.** G.S. 14-309.6 is amended by adding a new subdivision to read:

17           "(8)   "Nonprofit organization" means an organization or association recognized  
 18               by the Department of Revenue as tax-exempt pursuant to  
 19               G.S. 105-130.11(a), or any bona fide branch, chapter, or affiliate of that  
 20               organization."

21           **SECTION 6.** G.S. 14-309.15 reads as rewritten:

22   "**§ 14-309.15. Raffles.**

23       (a)   It is lawful for any nonprofit ~~organization or association, recognized by the~~  
 24 ~~Department of Revenue as tax-exempt pursuant to G.S. 105-130.11(a), or for any bona fide~~  
 25 ~~branch, chapter, or affiliate of such organization, organization, candidate, political committee,~~  
 26 ~~and for~~ any government entity within the State, to conduct raffles in accordance with this  
 27 section. Each regional or county chapter of a nonprofit organization shall be eligible to conduct  
 28 raffles in accordance with this section independently of its parent organization. Any person  
 29 who conducts a raffle in violation of any provision of this section shall be guilty of a Class 2  
 30 misdemeanor. Upon conviction that person shall not conduct a raffle for a period of one year. It  
 31 is lawful to participate in a raffle conducted pursuant to this section. It shall not constitute a  
 32 violation of State law to advertise a raffle conducted in accordance with this section. A raffle  
 33 conducted pursuant to this section is not "gambling". For the purpose of this section,  
 34 "candidate" and "political committee" have the meaning provided by Article 22A of Chapter  
 35 163A of the General Statutes, who have filed organization reports under that Article, and who  
 36 are in good standing with the appropriate board of elections. Receipts and expenditures of a  
 37 raffle by a candidate or political committee shall be reported in accordance with Article 22A of  
 38 Chapter 163A of the General Statutes, and ticket purchases are contributions within the  
 39 meaning of that Article.

40       (b)   For purposes of this section "raffle" means a game in which the prize is won by  
 41 random drawing of the name or number of one or more persons purchasing chances.

42       (c)   ~~Raffles shall be limited to two per nonprofit organization per year.~~ A nonprofit  
 43 organization may hold no more than four raffles per year.

44       (d)   Except as provided in subsection (g) of this section, the maximum cash prize that  
 45 may be offered or paid for any one raffle is one hundred twenty-five thousand dollars  
 46 (\$125,000) and if merchandise is used as a prize, and it is not redeemable for cash, the  
 47 maximum fair market value of that prize may be one hundred twenty-five thousand dollars  
 48 (\$125,000). The total cash prizes offered or paid by any nonprofit organization ~~or association~~  
 49 may not exceed ~~one hundred twenty-five~~ two hundred fifty thousand dollars  
 50 ~~(\$125,000)~~ (\$250,000) in any calendar year. The total fair market value of all prizes offered by  
 51 any nonprofit ~~organization or association,~~ organization, either in cash or in merchandise that is

1 not redeemable for cash, may not exceed ~~one hundred twenty five~~ two hundred fifty thousand  
2 dollars ~~(\$125,000)~~ (\$250,000) in any calendar year.

3 (e) Raffles shall not be conducted in conjunction with bingo.

4 (f) As used in this subsection, "net proceeds of a raffle" means the receipts less the cost  
5 of prizes awarded. No less than ninety percent (90%) of the net proceeds of a raffle shall be  
6 used by the nonprofit organization ~~or association~~ for charitable, religious, educational, civic, or  
7 other nonprofit purposes. None of the net proceeds of the raffle may be used to pay any person  
8 to conduct the raffle, or to rent a building where the tickets are received or sold or the drawing  
9 is conducted.

10 (g) Real property may be offered as a prize in a raffle. The maximum appraised value of  
11 real property that may be offered for any one raffle is five hundred thousand dollars  
12 (\$500,000). The total appraised value of all real estate prizes offered by any nonprofit  
13 organization ~~or association~~ may not exceed five hundred thousand dollars (\$500,000) in any  
14 calendar year.

15 (h) Notwithstanding any other subsection of this section, it is lawful for a credit union  
16 to conduct a savings promotion raffle under G.S. 54-109.64."

17 **SECTION 7.** G.S. 18B-308 reads as rewritten:

18 **"§ 18B-308. Sale and consumption at bingo games.**

19 It shall be unlawful to sell or consume, or for the owner or other person in charge of the  
20 premises to allow the sale or consumption of, any alcoholic beverage in any room while a ~~raffle~~  
21 ~~or~~ bingo game is being conducted in that room under Part 2 of Article 37 of Chapter 14 of the  
22 General Statutes."

23 **SECTION 8.** Article 9 of Chapter 18B of the General Statutes is amended by  
24 adding a new section to read:

25 **"§ 18B-903A. Reissuance of certain permits.**

26 (a) Reissuance. – Notwithstanding G.S. 18B-902(b) or G.S. 18B-903, if a nonprofit  
27 organization has received a limited special occasion permit pursuant to G.S. 18B-1001(9) or a  
28 special one-time permit pursuant to G.S. 18B-1002(a)(2) or (a)(5) within the previous 18  
29 months, the Commission shall reissue the permit to the nonprofit organization if the same  
30 individual representing the organization requests reissuance of the permit for the same location.  
31 The Commission shall require only the following information in order to reissue the permit:

32 (1) The street address of the location where the event will take place.

33 (2) The county in which the event will take place.

34 (3) The date of the event.

35 (4) A description of the event.

36 (5) The name, address, date of birth, and contact information of the individual  
37 representing the nonprofit organization.

38 (b) Duration. – Once issued, a reissued limited special occasion permit shall be valid for  
39 48 hours before and after the occasion for which the permit was issued and a reissued special  
40 one-time permit shall be valid only for the period stated on the permit.

41 (c) Reissuance Fee. – Application for reissuance of a limited special occasion permit or  
42 a special one-time permit shall be on a form provided by the Commission. The application fee  
43 shall be the same as the initial fee set in G.S. 18B-902. A reissuance fee shall not be refundable.

44 (d) Investigation. – The Commission, with the assistance of the ALE Branch, shall not  
45 investigate the applicant and the premises for which the reissuance is requested more than once  
46 every three years. The Commission may request the assistance of local ABC officers in  
47 investigating applications. An applicant shall cooperate fully with the investigation.

48 (e) False Information. – Knowingly making a false statement in an application for a  
49 permit reissuance pursuant to this section shall be grounds for denying, suspending, revoking,  
50 or taking other action against the permit as provided in G.S. 18B-104 and shall also be a Class  
51 1 misdemeanor."

1           **SECTION 9.** G.S. 18B-1002(a)(5) reads as rewritten:

2   "**§ 18B-1002. Special one-time permits.**

3       (a)    Kinds of Permits. – In addition to the other permits authorized by this Chapter, the  
4 Commission may issue permits for the following activities:

5           ...

6           (5)   A permit may be issued to a unit of local government, or to a nonprofit  
7 organization or a political organization to serve wine, malt beverages, and  
8 spirituous liquor at a ticketed event held to allow the unit of local  
9 government or organization to raise funds. For purposes of this subdivision  
10 "nonprofit organization" means an organization that is exempt from taxation  
11 under Section 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(8), 501(c)(10),  
12 501(c)(19), or 501(d) of the Internal Revenue Code or is exempt under  
13 similar provisions of the General Statutes as a bona fide nonprofit charitable,  
14 civic, religious, fraternal, patriotic, or veterans' organization or as a nonprofit  
15 volunteer fire department, or as a nonprofit volunteer rescue squad or a bona  
16 fide homeowners' or property owners' association. For purposes of this  
17 subdivision "political organization" means an organization covered by the  
18 provisions of G.S. 163-96(a)(1) or (2) or a campaign organization  
19 established by or for a person who is a candidate who has filed a notice of  
20 candidacy, paid the filing fees or filed the required petition, and been  
21 certified as a candidate. The issuance of this permit ~~will~~shall also allow the  
22 issuance of a purchase-transportation permit under G.S. 18B-403 and  
23 18B-404 and the use for culinary purposes of spirituous liquor lawfully  
24 purchased for use in mixed beverages. The issuance of this permit shall also  
25 allow a nonprofit organization to offer alcoholic beverages in the  
26 manufacturer's original closed container as a prize in a raffle or sell alcoholic  
27 beverages in the manufacturer's original closed container at auction at the  
28 ticketed event to allow the nonprofit organization to raise funds."

29           **SECTION 10.** Section 8 of this act becomes effective December 1, 2017, and  
30 applies to offenses committed on or after that date. The remainder of this act becomes effective  
31 October 1, 2017. If a final order by a court of competent jurisdiction finds that any portion of  
32 Sections 1 through 4 of this act is unconstitutional, or if the passage of Sections 1 through 4 of  
33 this act would cause the State to forfeit payments due under a compact entered into between the  
34 State and a federally recognized Indian tribe, Sections 1 through 4 of this act are void.