

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
PROPOSED SENATE COMMITTEE SUBSTITUTE H511-PCS40620-Saf-39

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



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"§ 14-309.26. Game nights.

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

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

"§ 14-309.27. Permit procedure.

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

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

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

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

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

The following limitations apply to game night events:

- (1) The number of game night events conducted or sponsored by an exempt organization shall be limited to four events per year.
- (2) The event shall not exceed a period of five hours each per event. No more than one game night event shall be held in any quarter of a calendar year that 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~~ 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 this act is unconstitutional, or if the passage of this act would cause the State to forfeit
33 payments due under a compact entered into between the State and a federally recognized Indian
34 tribe, this act is void.