

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2023

Drafting
SPECIAL PROVISION



2023-GEN-C18B

General
House Appropriations

Special Provision 2023-GEN-C18B

1 Requested by

2 **RURAL TOURISM INCENTIVE PROGRAM**

3 **SECTION #.(a)** Article 10 of Chapter 143B of the General Statutes is amended by
4 adding a new section to read:

5 "**§ 143B-437.02C. Rural Tourism Incentive Program.**

6 (a) Creation and Purpose. – There is established the Rural Tourism Incentive Program to
7 be administered by the Secretary of Commerce. The purpose of the program is to encourage and
8 promote tourism in rural counties on the State border and along major transportation corridors.
9 The program will allow for gaming, which is a new and expanding component of the tourism
10 industry and is currently allowed in North Carolina on certain Indian lands. As many contiguous
11 states allow gaming, those industry business opportunities and employment opportunities are
12 being lost to this State.

13 (b) Definitions. – The following definitions apply in this section:

- 14 (1) Agreement. – A Rural Tourism Incentive Program agreement under this
15 section.
- 16 (2) Base period. – The period of time set by the Secretary during which new
17 employees are to be hired for the positions on which the agreement is based.
- 18 (3) Business. – A corporation, sole proprietorship, cooperative association,
19 partnership, S corporation, limited liability company, nonprofit corporation,
20 or other form of business organization, located either within or outside this
21 State. The term includes affiliates under common ownership with a business
22 and organizations owned in whole or part by a tribe of Indians recognized in
23 Chapter 71A of the General Statutes.
- 24 (4) Commission. – The North Carolina State Lottery Commission established
25 pursuant to G.S. 18C-110.
- 26 (5) District. – A Rural Tourism District.
- 27 (6) Eligible location. – A site that is located in a county that meets all of the
28 following criteria:
- 29 a. Is a development tier one county, as defined in G.S. 143B-437.08, for
30 the 2022 calendar year.
- 31 b. Has a majority of its land area within 90 miles of an international
32 airport.
- 33 c. Is any of the following:
- 34 1. A border county and east of counties traversed by Interstate 77
35 and west of or in a county traversed by future Interstate 73.
- 36 2. A border county traversed by Interstate 85.
- 37 3. A county traversed by Interstate 95 and traversed by or north
38 of U.S. 64.
- 39 4. A county east of the counties traversed by Interstate 95 and
40 traversed by or north of U.S. 64.
- 41 d. Does not contain Indian lands with gaming as of July 1, 2023.

1 e. Has a population of less than 100,000 as of the most recent federal
2 decennial census at the time the proposal is made.

3 f. Is not a county listed in G.S. 14-292.4(b).

4 (7) Eligible position. – A position created by a business and filled by a new
5 full-time employee in this State during the base period. Positions created in
6 the year the business achieves the minimum requirements set forth in this
7 section may be considered eligible positions even if created outside the base
8 period. In a year other than during the base period, an eligible position must
9 be filled for at least 30 weeks of the applicable agreement year.

10 (8) Full-time employee. – A person who is employed for consideration for at least
11 35 hours a week, whose wages are subject to withholding under Article 4A of
12 Chapter 105 of the General Statutes, who is not a worker with an H-1B visa
13 or with H-1B status, and who is determined by the Secretary to be employed in
14 a permanent position according to criteria the Secretary develops in
15 consultation with the Secretary of Administration. The term does not include
16 any person who works as an independent contractor or on a consulting basis
17 for the business.

18 (9) Gross gaming revenue. – Defined in G.S. 105-113.150.

19 (10) New employee. – A full-time employee who represents a net increase in the
20 number of the business's employees statewide.

21 (11) Rural Tourism District. – Real property that meets all of the following criteria:

22 a. Consists of at least 100 acres.

23 b. Is sited at an eligible location where a business intends to develop and
24 operate gaming and non-gaming activities pursuant to a Rural Tourism
25 Incentive Program agreement.

26 c. Is, by resolution, designated by the governing body of the local
27 government denoted in this sub-subdivision as an eligible site for the
28 development and operation of gaming activities. The local government
29 authorized to designate property as an eligible site is as follows:

30 1. If the largest percentage of the real property acreage lies within
31 the corporate limits or the extraterritorial jurisdiction of a
32 municipality with a population of 35,000 or more as of the
33 most recent federal decennial census, then that municipality is
34 the authorized local government.

35 2. If no municipality meets the criteria of sub-sub-subdivision 1.
36 of this sub-subdivision for the site, then the county with the
37 largest percentage of the real property acreage is the authorized
38 local government.

39 (12) Secretary. – The Secretary of Commerce.

40 (c) Agreement. – Notwithstanding any other provision of law, including Article 3 of
41 Chapter 143 of the General Statutes, the Secretary shall enter into three agreements with a
42 business or businesses recommended by the Secretary of Administration in accordance with the
43 provisions of this section. In order to ensure economically distressed counties across the State
44 benefit from this program, the Secretary shall not enter into an agreement for more than one
45 district within a single county and shall require that a district is not located within 75 miles of
46 another authorized district. Consistent with subsection (e) of this section, the Secretary of
47 Administration shall evaluate proposals submitted by businesses to determine whether the
48 proposed projects are consistent with the purposes of this program and make a binding
49 recommendation to the Secretary of the business or businesses chosen for entry into an
50 agreement. As part of the binding recommendation, the Secretary of Administration shall certify
51 to the Secretary that all of the following conditions are met by each recommended business:

- 1 (1) Each district proposed by the business will create, during the term of the
2 agreement, a net increase in employment in this State by the business in an
3 amount that is at least equal to 1,750 eligible positions.
- 4 (2) The business plans to invest at least five hundred million dollars
5 (\$500,000,000) in private funds in each proposed district.
- 6 (3) Each district proposed by the business will be sited in an eligible location that
7 has been designated as an eligible site by a resolution adopted by the
8 governing board of the applicable county or municipality.
- 9 (4) The business demonstrates at least 10 years of experience in the commercial
10 gaming industry.
- 11 (5) The business demonstrates at least 10 years of experience in developing and
12 operating mixed-use, non-gaming real estate projects.

13 (d) Proposal. – A business shall submit a proposal to the Secretary of Administration for
14 an agreement under this section by timely delivering the proposal to the place designated by the
15 Secretary of Administration. A business may propose multiple districts in a single proposal;
16 however, each district shall be evaluated independently by the Secretary of Administration. A
17 proposal shall include:

- 18 (1) The name, business address, and contact information of the business.
- 19 (2) Identification of each district proposed by the business and a description of
20 the proposed gaming and non-gaming uses to be developed in each district.
- 21 (3) Confirmation that each proposed district is situated in an eligible location that
22 has been designated as an eligible site by a resolution adopted by the
23 governing body of the applicable county or municipality.
- 24 (4) Documentation establishing the ownership or control of each proposed district
25 by the business as well as plans to address any impact to nearby properties.
- 26 (5) The proposed number of employees at each district and the percentage of
27 employees that will be permanent residents of this State.
- 28 (6) The proposed amount of investment by the business in each district.
- 29 (7) The projected tax revenue to the State to be generated by each proposed
30 district.
- 31 (8) The time line for development of each proposed district.
- 32 (9) Information reflecting the business's culture of compliance and responsible
33 gaming.
- 34 (10) Information establishing the business's gaming and development experience,
35 including its satisfaction of the experience requirements in subdivisions (c)(4)
36 and (c)(5) of this section.

37 (e) Evaluation. – The Secretary of Administration shall evaluate each proposal to
38 determine whether it complies with the requirements of subsection (d) of this section. A business
39 shall provide all documentation and information the Secretary of Administration deems
40 necessary to evaluate the proposal. The Secretary of Administration shall prioritize proposals for
41 agreements by considering which proposals best satisfy the conditions in subsection (c) of this
42 section and will maximize the reasonably anticipated benefits to the State, considering the
43 following factors:

- 44 (1) The percentage of employees to be hired that are permanent residents in the
45 State.
- 46 (2) The extent to which the proposed district will induce visitation to and enhance
47 tourism in the State.
- 48 (3) The proposed time line for the business to begin operation.
- 49 (4) The business's control of real property comprising each proposed district.

1 (5) The extent to which the business demonstrates a culture of investment in
2 responsible gaming programs and an effective governance and compliance
3 program.

4 (6) Any other benefit to be realized by the State from the proposal.

5 (f) Recommendation. – The Secretary of Administration shall begin accepting proposals
6 under subsection (d) of this section no later than December 1, 2023, and shall accept proposals
7 for 60 days. After evaluating the proposals under subsection (e) of this section, the Secretary of
8 Administration shall select a business or businesses to be its binding recommendations to the
9 Secretary to enter agreements for the three districts authorized under this section within 60 days
10 of the date the period to accept proposals closes. The Secretary of Administration shall ensure
11 that the districts proposed by the business or businesses selected for recommendation comply
12 with the geographic and mileage requirements in subsection (c) of this section. Nothing in this
13 section shall preclude the Secretary of Administration from recommending a single business for
14 more than one agreement, provided each district proposed by the business satisfies the
15 requirements of this section.

16 (g) Exclusive Remedy. – The General Assembly makes the following findings of fact: (i)
17 the Rural Tourism Incentive Program is designed and enacted to bring substantial economic
18 benefits to the citizens of North Carolina and generate new tax revenue to the State; (ii) ensuring
19 the expedited implementation of the Rural Tourism Incentive Program and the development of
20 the districts authorized thereunder will accelerate the realization of those economic benefits and
21 is in the public interest; and (iii) providing for an exclusive and expedited opportunity for review
22 of the Secretary of Administration's recommendations will facilitate these goals. Accordingly, a
23 business that is not selected for recommendation and that wants to seek review of a
24 recommendation of the Secretary of Administration shall comply with the provisions of this
25 subsection as its exclusive remedy:

26 (1) The business shall submit a written request for a review meeting to the State
27 Purchasing Officer within 20 calendar days from the date of the
28 recommendation. The business's request shall concisely state its objections to
29 the recommendation and include any supporting documentation.

30 (2) Upon submission of a written request, the proposal submission fee paid by the
31 business under subsection (h) of this section shall be converted to a review
32 bond. The written request submitted by the business under subdivision (1) of
33 this subsection shall include an executed written consent authorizing the
34 Department of Administration to hold the proposal submission fee as a review
35 bond. In the event the State Purchasing Officer vacates the challenged
36 recommendation in accordance with this subsection, the review bond shall be
37 refunded to the business by the Department of Administration. In the event
38 the State Purchasing Officer does not vacate the recommendation, the
39 Department of Administration shall transfer the review bond to the General
40 Fund.

41 (3) If the written request submitted by a business does not contain the information
42 and consent required under subdivisions (1) and (2) of this subsection, or if
43 the State Purchasing Officer determines that the review request is meritless,
44 the State Purchasing Officer may, within 10 calendar days from the date of
45 receipt of the request, respond in writing to the business and refuse the review
46 meeting request.

47 (4) If the review meeting request is granted, the State Purchasing Officer shall
48 schedule the meeting at the earliest practical date but not later than 30 calendar
49 days after receipt of the request. Within 20 calendar days from the date of the
50 review meeting, the State Purchasing Officer shall respond to the business in
51 writing with the State Purchasing Officer's decision. The State Purchasing

1 Officer shall uphold the Secretary of Administration's recommendation unless
2 the recommendation is contrary to the provisions of this section or is arbitrary,
3 capricious, or an abuse of discretion. The decision of the State Purchasing
4 Officer is final and shall not be subject to appeal to any forum.

5 (5) Notwithstanding any other provision of this subsection, the submission of a
6 request for a review meeting regarding a specific recommendation of the
7 Secretary of Administration shall not affect any other recommendation.

8 (h) Proposal Application and Submission Fees. – A proposal submitted by a business to
9 the Secretary of Administration pursuant to subsection (d) of this section shall include with the
10 proposal (i) a single, non-refundable application fee of five hundred thousand dollars (\$500,000)
11 and (ii) a proposal submission fee of seven million five hundred thousand dollars (\$7,500,000)
12 for each district included in the proposal. The Department of Administration shall transfer all
13 application fees to the Commission for expenses associated with administering Article 11 of
14 Chapter 18C of the General Statutes and hold all proposal submission fees received. The proposal
15 submission fee paid by a business recommended by the Secretary of Administration shall be
16 credited against the excise tax applicable to that business under G.S. 105-113.151 upon the
17 Secretary's entry into an agreement pursuant to subsection (i) of this section with the business
18 and the Commission's approval of a Class III gaming license for the business. At that time, the
19 Department of Administration shall transfer the proposal submission fee paid by the
20 recommended business to the Secretary of Revenue, who shall credit the proceeds in accordance
21 with G.S. 105-113.153. In the event a business recommended by the Secretary of Administration
22 does not enter into an agreement or is not approved by the Commission for a Class III gaming
23 license, the Department of Administration shall refund its proposal submission fee. Except as
24 required under subsection (g) of this section, a proposal submission fee paid by a business that is
25 not recommended by the Secretary of Administration shall be refunded to the business by the
26 Department of Administration.

27 (i) Agreement Contingencies, Terms, Duration, and Expiration. – If, after finding all the
28 conditions of subsection (c) of this section to have been met and appropriately prioritizing the
29 proposals pursuant to subsection (e) of this section, the Secretary of Administration recommends
30 a business or businesses to the Secretary for each of the three districts authorized under this
31 section, the Secretary shall enter into an agreement with each recommended business. If the
32 Secretary of Administration recommends a business for more than one district, the Secretary
33 shall enter into a separate agreement for each district to be developed by the recommended
34 business. The agreement shall create a rebuttable presumption the business is also qualified to
35 receive a Class III gaming license issued by the Commission pursuant to G.S. 18C-1103. The
36 agreement is effective only if the business subsequently applies for and receives a Class III
37 gaming license issued to the business by the Commission pursuant to G.S. 18C-1103. The initial
38 term of an agreement under this section is 30 years and may be extended by the Secretary. For
39 any agreement that is so extended, the business's Class III gaming license shall remain in effect
40 pending the extension and be renewed pursuant to the Class III gaming license renewal
41 requirements under G.S. 18C-1103. The authority of the Secretary to enter into agreements under
42 this section expires December 31, 2024; provided, however, the Secretary shall have continuing
43 authority pursuant to subsection (c) of this section to grant extensions to agreements entered into
44 prior to December 31, 2024. Each agreement must include at least all of the following:

- 45 (1) A detailed description of the proposed project that will result in job creation
46 and the number of new employees to be hired during the base period.
47 (2) The term of the agreement and the criteria used to determine the first year of
48 the agreement.
49 (3) The number of eligible positions that are subjects of the agreement.

- 1 (4) A method for determining the number of new employees hired during an
2 agreement year and for the business to report annually to the Secretary the
3 number of eligible positions.
- 4 (5) A provision that makes the agreement effective only in the event the business,
5 subsequent to entering into the agreement, applies for and receives a Class III
6 gaming license issued to the business by the Commission pursuant to
7 G.S. 18C-1103.
- 8 (6) A provision requiring the business to satisfy the minimum job creation and
9 private investment program criteria no later than 60 months after the date the
10 business receives a Class III gaming license from the Commission.
- 11 (7) A provision establishing the conditions, other than statutory provisions under
12 this section, under which the agreement may be terminated.
- 13 (8) A provision stating that the business agrees to submit to an audit at any time
14 that the Secretary requires.
- 15 (9) A provision allowing the Secretary to require any information from the
16 business the Secretary considers necessary to effectuate the agreement.
- 17 (j) Noncompliance. – If a business fails to meet or comply with a condition or
18 requirement set forth in the agreement or the criteria developed by the Secretary and if the
19 provisions of subsection (k) of this section do not apply, the following provisions apply:
- 20 (1) If the failure is related to not having the required number of jobs, the Secretary
21 shall impose a civil fine on the business of no less than two and one-half
22 percent (2.5%) and up to seven and one-half percent (7.5%) of gross gaming
23 revenue for the period of noncompliance, which shall be imposed on the basis
24 of each district associated with the business with respect to which
25 noncompliance has occurred. The amount of the civil fine shall be determined
26 by the Secretary.
- 27 (2) If the failure is related to not having made the required private investment, the
28 Secretary shall impose a civil fine on the business of no less than two and
29 one-half percent (2.5%) and up to seven and one-half percent (7.5%) of gross
30 gaming revenue for the period of noncompliance, which shall be imposed on
31 the basis of each district associated with the business with respect to which
32 noncompliance has occurred. The amount of the civil fine shall be determined
33 by the Secretary.
- 34 (3) If the failure is related to refusal to submit to an audit or provide information,
35 as either are required by the Secretary or the Commission, the Secretary shall
36 inform the Commission within 10 days and the Commission shall suspend the
37 Class III gaming license until such time as the failure has been cured.
- 38 (4) For any other failure, the Secretary shall impose a civil fine in an amount that
39 is proportionate to the failure on the part of the business. The determination
40 of the civil fine imposed is within the Secretary's sole discretion but shall not
41 exceed fifty thousand dollars (\$50,000) per violation with respect to each
42 district associated with the business in which noncompliance has occurred.
- 43 (5) The civil fines imposed under subsections (j)(1) and (j)(2) of this section are
44 cumulative. In the event of noncompliance under both paragraphs, the
45 Secretary shall impose a single civil fine of up to seven and one-half percent
46 (7.5%) of gross gaming revenue for the period of noncompliance.
- 47 (k) Force Majeure. – In the event the business fails to meet or comply with a condition
48 or requirement set forth in the agreement as a result of force majeure, then the Secretary, in the
49 Secretary's sole discretion, reasonably exercised, may waive some or all of the civil fine imposed
50 pursuant to subsection (j) of this section for the period of time to which the Secretary determines

1 the force majeure event applies. Force majeure includes events beyond the control of the
2 business, including:

- 3 (1) Flood.
- 4 (2) Earthquake or other natural disaster.
- 5 (3) Fire or other casualty.
- 6 (4) Riot or other civil unrest.
- 7 (5) Court order issued by a court of competent jurisdiction.
- 8 (6) Act of God.
- 9 (7) Act of terrorism.
- 10 (8) War.
- 11 (9) Destruction of all or substantially all of the facilities of the business.
- 12 (10) Exposure to toxic substances.
- 13 (11) Condemnation or other taking of all or a sufficient portion of the facilities so
14 as to prevent gaming activities."

15 **SECTION #.(b)** Chapter 18C of the General Statutes is amended by adding a new
16 Article to read:

17 "Article 11.

18 "Casinos.

19 **"§ 18C-1101. Definitions.**

20 As used in this Article, the following definitions apply:

- 21 (1) Applicant. – A person who applies for licensure or registration under this
22 Article.
- 23 (2) Application. – All materials and information submitted by the applicant or on
24 the applicant's behalf to the Commission, including the instructions, forms,
25 and other documents required or requested by the Commission comprising an
26 applicant's request for licensure under this Article and rules adopted by the
27 Commission.
- 28 (3) Associated equipment. – Any of the following:
 - 29 a. Equipment which is a mechanical, electromechanical, or electronic
30 contrivance, component, or machine, and which is used indirectly or
31 directly in connection with gaming.
 - 32 b. Equipment that would not otherwise be classified as a gaming device,
33 including links, modems, and dedicated telecommunication lines, that
34 connect to progressive electronic gaming devices.
 - 35 c. Computerized systems that monitor electronic gaming devices, table
36 games, and other gambling games approved by the Commission.
 - 37 d. Equipment that affects the reporting of gross receipts.
 - 38 e. Any other equipment designated by the Commission.
- 39 (4) Background investigation. – A confidential security, criminal, tax, credit,
40 reputational, or other investigation of a person who applies for or who is
41 granted a license under this Article.
- 42 (5) Books and records. – Any document pertaining to, prepared for, or generated
43 by a licensee without regard to the medium through which the record is
44 generated or maintained, including all general ledger records, subsidiary
45 records and ledgers, computer-generated data, forms, documents, internal
46 audit reports and work papers, correspondence, and personnel records.
- 47 (6) Casino. – The portion of a building or buildings in which gaming operations
48 are conducted.
- 49 (7) Cheating. – To defraud or steal from any player, gaming operator, or the State
50 while operating or playing a gambling game or engaging in Class III gaming
51 activities, including causing, aiding, abetting, or conspiring with another

1 person to do so. The term shall also mean to alter the selection of criteria that
2 determine the result of a gambling game or the amount or frequency of
3 payment in a gambling game in violation of this Article, State law, rules
4 adopted by the Commission, or rules of the gaming operator. The term shall
5 also mean to act alone, facilitate, deceive, or conspire or collude with another
6 person to improve the chance of winning a wager or to alter the outcome of a
7 wager by doing any of the following:

- 8 a. Altering or misrepresenting the outcome of a gambling game on which
9 a wager has been placed.
- 10 b. Claiming or collecting winnings on a wager that the person did not win
11 or that the person was not otherwise authorized to claim or collect.
- 12 c. Manipulating, altering, or interfering with gaming equipment,
13 associated equipment, communication technology, or client software
14 with the intent to affect or alter the outcome of a gambling game.
- 15 d. Using or possessing with the intention of using a device to assist in
16 any of the following:
 - 17 1. Projecting the outcome of a game.
 - 18 2. Keeping track of cards played.
 - 19 3. Analyzing the probability of the occurrence of an event relating
20 to a game.
 - 21 4. Analyzing the strategy for playing or betting to be used in a
22 game, except as permitted by rules adopted by the
23 Commission.
- 24 e. Placing a bet after acquiring knowledge not available to all players of
25 the outcome of the game that is the subject of the bet or to aid a person
26 in acquiring the knowledge for the purpose of placing a bet contingent
27 on that outcome.
- 28 f. Any other conduct that violates State or federal law or rules adopted
29 by the Commission.

30 (8) Class III gaming. – An activity defined by the federal Indian Gaming
31 Regulatory Act, 25 U.S.C. § 2701, et seq., and described in G.S. 14-292.2 that
32 is conducted by a gaming operator under this Article.

33 (9) Convicted. – To have been convicted, plead guilty of, or plead no contest to
34 any charge, even if a prayer for judgment was granted.

35 (10) Eligible business. – A business that enters into a Rural Tourism Incentive
36 Program agreement under G.S. 143B-437.02C.

37 (11) Eligible location. – Defined in G.S. 143B-437.02C.

38 (12) Gambling game. – Any game played with cards, dice, equipment, or machine
39 which upon payment of consideration is available for play or operation,
40 utilizing skill, chance, or both, the outcome of which may entitle the player to
41 receive money, credit, or anything else of value. This term includes faro,
42 monte, roulette, keno, bingo, fan tan, twenty one, blackjack, seven and a half,
43 klondike, craps, poker, chuck a luck, Chinese chuck a luck (dai shu), wheel of
44 fortune, chemin de fer, baccarat, pai gow, beat the banker, panguingue, slot
45 machine, any banking or percentage game, or any other game or device
46 identified by the Commission. This term does not include games played with
47 cards in private homes or residences in which the person operating the game
48 receives no money.

49 (13) Gaming employee. – An employee of a gaming operator or, if designated by
50 the Commission, a Class III gaming supplier licensee who meets any of the
51 following criteria:

- 1 a. Is directly connected to the operation or maintenance of a slot
2 machine, associated equipment, or gaming equipment.
3 b. Is directly connected to gaming taking place in a casino.
4 c. Provides physical or cybersecurity at a casino or has knowledge of a
5 gaming operator's security procedures and protocols.
6 d. Has access to a restricted area of a casino.
7 e. Is connected to gaming operations.
8 f. Is designated by the Commission.
9 (14) Gaming equipment. – Any device, gambling-related software, expendable
10 supply, or any other paraphernalia used as a part of gambling or to make
11 gambling possible. The term includes the following:
12 a. Amusement games.
13 b. Electronic devices for conducting, facilitating, or accounting for the
14 results of gambling activities, including:
15 1. Electronic devices for reading and displaying outcomes of
16 gambling activities.
17 2. Accounting systems that are a part of, or directly connected to,
18 a gambling system, including bet totalizers, progressive
19 jackpot meters, or keno systems.
20 c. Bingo equipment.
21 d. Electronic raffle systems.
22 e. Devices and supplies used to conduct card games, fundraising events,
23 recreational gaming activities, or Class III gaming activities,
24 including:
25 1. Gambling chips.
26 2. Cards.
27 3. Dice.
28 4. Card shuffling devices.
29 5. Graphical game layouts for table games.
30 6. Ace finders or no-peek devices.
31 7. Roulette wheels.
32 8. Keno equipment.
33 9. Tables manufactured exclusively for gambling purposes.
34 f. Cashless wagering systems used to participate in Class III gaming.
35 g. Any other equipment designated by the Commission.
36 (15) Gaming floor. – The part of a casino where gambling games have been
37 installed for use or play.
38 (16) Gaming operations. – To deal, operate, carry on, conduct, maintain, expose,
39 or offer for play any gambling games.
40 (17) Gaming operator. – An eligible business that has received a Class III gaming
41 license from the Commission pursuant to G.S. 18C-1103.
42 (18) Gaming service employee. – An employee of a gaming operator or, if
43 designated by the Commission, a Class III gaming supplier licensee who does
44 not meet the definition of a gaming employee.
45 (19) Key person. – An officer or director of a licensee or applicant for licensure
46 who is directly involved in, or who exercises substantial influence or control
47 over, the operation, management, or control of the activities governed by this
48 Article or a person who is a member, partner, or shareholder of five percent
49 (5%) or more of a business entity, except for institutional investors.
50 (20) Non-gaming supplier. – A person that provides non-gaming-related goods or
51 services valued at an amount greater than specified by the Commission in

1 adopted rules, which cannot be less than two hundred fifty thousand dollars
2 (\$250,000) per year, to a casino of a gaming operator. This term includes
3 construction companies, vending machine providers, linen suppliers, garbage
4 handlers, maintenance companies, limousine service companies, and food
5 purveyors.

6 (21) Occupational license. – A license issued by the Commission to a gaming
7 employee.

8 (22) Wager. – The betting or staking of something of value made with a gaming
9 operator, with consciousness of risk and hope of gain, on the outcome of a
10 game, contest, or an uncertain event whose result may be determined by skill,
11 chance, or both.

12 **"§ 18C-1102. Regulation and control of gaming, rules.**

13 The Commission has the powers and duties necessary and proper to implement, administer,
14 and enforce all aspects of this Article, including licensing, regulating, and enforcing the system
15 of casinos and gaming for the benefit of the State and the public. The Commission's exemption
16 under G.S. 150B-1 applies to this Article. The Commission shall, from time to time, adopt,
17 amend, waive, or repeal rules, regulations, policies, procedures, and appropriate conditions as it
18 may deem necessary or desirable in the public interest in carrying out the policy and provisions
19 of this Article.

20 **"§ 18C-1103. Class III gaming license.**

21 (a) It shall be unlawful for any person to conduct gaming operations without a valid Class
22 III gaming license. Notwithstanding any other provision of law, the Commission may review and
23 approve applications from an eligible business seeking licensure to conduct gaming operations
24 at an eligible location.

25 (b) An eligible business is subject to a rebuttable presumption that the business is also
26 qualified to receive a Class III gaming license. The Commission shall approve the application
27 and issue a Class III gaming license to the eligible business unless the Commission finds by clear
28 and convincing evidence that that business does not meet the requirements of this Article.

29 (c) A license issued pursuant to this section shall expire 30 years after issuance unless
30 extended or revoked pursuant to this Article. A license may be extended for a term consistent
31 with the extension of a Rural Tourism Incentive Program agreement pursuant to
32 G.S. 143B-437.02C upon the submission of a renewal application and the provision of evidence
33 satisfactory to the Commission that the licensee remains in compliance with initial terms and
34 conditions for licensure.

35 **"§ 18C-1104. Class III gaming supplier license.**

36 (a) A person shall have a valid Class III gaming supplier license to sell, lease, or contract
37 to sell or lease, or otherwise provide gaming equipment, associated equipment, or any other
38 gaming-related supplies or services to a gaming operator. A gaming operator may not obtain
39 gaming equipment, associated equipment, or any other gaming-related supplies or services from
40 a person who is not licensed pursuant to this section.

41 (b) A Class III gaming supplier license is valid for five years. An applicant shall apply
42 on a form prescribed by the Commission, along with the required licensing fee of fifty thousand
43 dollars (\$50,000). The Commission may, in its discretion, reduce but not eliminate the license
44 fee when necessary to ensure adequate availability of gaming equipment, associated equipment,
45 and gaming supplies to the gaming operators in this State. The Commission shall adopt rules
46 establishing the criteria for the issuance and renewal of Class III gaming supplier licenses.

47 **"§ 18C-1105. Non-gaming supplier registration.**

48 (a) A non-gaming supplier shall register with the Commission. A non-gaming supplier
49 who fails to register with the Commission may not provide goods or services to a gaming
50 operator, and no gaming operator may receive goods or services from an unregistered

1 non-gaming supplier. No person registered as a non-gaming supplier may be licensed as a Class
2 III gaming supplier.

3 (b) A non-gaming supplier registration is valid for five years. A non-gaming supplier
4 shall pay a registration fee of ten thousand dollars (\$10,000) at the time of registration. The
5 Commission shall adopt rules establishing the criteria for the registration of non-gaming
6 suppliers.

7 **"§ 18C-1106. Occupational license and registration.**

8 (a) A gaming employee must hold an occupational license from the Commission while a
9 gaming service employee must be registered with the Commission. It is the responsibility of each
10 employee of a gaming operator to ensure the employee's respective occupational license or
11 registration is current. All employees of a gaming operator must be at least 18 years of age;
12 however, gaming employees must be at least 21 years of age.

13 (b) The Commission shall adopt rules establishing the criteria for licensing gaming
14 employees and registering gaming service employees as well as the duration of the license and
15 registration. Each gaming employee shall pay a licensing fee of seventy-five dollars (\$75.00) for
16 licensure. No fee is required for registration as a gaming service employee, and registration shall
17 not include a background check or fingerprinting.

18 (c) The Commission may adopt rules authorizing the issuance of a temporary
19 occupational license for gaming employees or temporary registration for gaming service
20 employees. The Commission may adopt rules exempting categories of gaming employees from
21 the licensure requirements of this section if it determines that the requirements are not necessary
22 to protect the public interest.

23 **"§ 18C-1107. Application requirements.**

24 (a) The Commission shall prescribe the form and required contents of license
25 applications under this Article. The Commission shall, by rule, set the application fee necessary
26 to cover the cost of reviewing a license application under this Article; however, the fee shall not
27 exceed the cost associated with the application and approval process. There shall be no
28 application fee required for Class III gaming license applications except in the event of a transfer
29 of control pursuant to G.S. 18C-1111. For occupational license applications, the Commission
30 may collect the application fee from a sponsoring gaming operator or an individual applicant.

31 (b) Each applicant shall furnish all information, documents, certifications, consents,
32 waivers, individual history forms, and other materials required or requested by the Commission
33 for purposes of determining eligibility and qualifications for licensure. Any information the
34 Commission deems necessary related to key persons shall be provided to the Commission.

35 (c) The Commission shall review an application and in a prompt manner issue the license
36 to the qualified applicant or deny the application. Any denial shall be in writing and state the
37 grounds for denial.

38 (d) The Commission shall conduct a background investigation on the applicant and any
39 key persons the Commission deems necessary. The applicant and key persons shall consent to
40 all background investigations required by the Commission and shall submit all necessary
41 fingerprints to conduct a background check. Refusal to consent to a background investigation
42 may constitute grounds for the Commission to deny licensure. In the event an applicant or key
43 person has had a completed criminal history record check in the 12 months prior to the
44 application, the Commission may, in its discretion, accept the results of that prior criminal history
45 record check upon submission of an affidavit that there has been no change in criminal history
46 since the prior criminal history record check in this or any other state.

47 (e) The Commission may expedite the review of applications for applicants that have met
48 another domestic jurisdiction's requirements for licensure, certification, or registration that are
49 substantially equivalent to or exceed the requirements of this State and, in such case, waive some
50 or all of the requirements of this Article or issue a license to an applicant having a similar license,
51 certification, or registration.

1 **"§ 18C-1108. Grounds for denial of license.**

2 (a) The Commission may deny an application for a Class III gaming license, a Class III
3 gaming supplier license, or an occupational license if any of the following apply:

4 (1) The applicant is unable to satisfy the requirements of this Article or any rule
5 adopted by the Commission.

6 (2) The applicant was convicted of a felony or any gambling offense within the
7 10 years prior to the submission date of the application or a key person of the
8 applicant was convicted of such a felony or gambling offense, and the
9 applicant fails to remove that key person within a reasonable period of time.

10 (3) The applicant knowingly makes a false statement of material fact or
11 deliberately fails to disclose information required by the Commission.

12 (4) The applicant or any key person has had any license, permit, certificate, or
13 other authority related to gaming suspended or revoked in this State or in any
14 other jurisdiction.

15 (5) The Commission is not satisfied that the applicant is all of the following:

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

17 b. A person whose background, including criminal record, reputation,
18 and associations, does not pose a threat to the public interest of the
19 State or the security and integrity of the Commission.

20 (6) For applicants seeking a Class III gaming license, the Commission is not
21 satisfied that the applicant is all of the following:

22 a. A person who, either individually or through employees, demonstrates
23 the business ability and experience to establish, operate, and maintain
24 the business proposed.

25 b. A person who demonstrates adequate financing for the business
26 proposed.

27 c. A person who demonstrates a culture of investments in responsible
28 gaming programs and an effective governance and compliance
29 program.

30 d. The applicant validly exists and is authorized to transact business in
31 North Carolina.

32 (b) The Commission shall not approve a license application for a Class III gaming license
33 or Class III gaming supplier license if the applicant is not current in filing all applicable tax
34 returns with the State and in payment of all taxes, interest, and penalties owed to the State,
35 excluding items under formal appeal under applicable statutes. Upon request of the Director, the
36 Department of Revenue shall provide information relevant to this subsection about a specific
37 person to the Commission.

38 **"§ 18C-1109. Confidentiality of information.**

39 (a) Except as provided in subsection (b) of this section, any information submitted in
40 connection with an application for a license authorized under this Article or to register a gaming
41 service employee that is designated or indicated as confidential by an applicant or licensee shall
42 not become a public record by virtue of its submission to the Commission and shall be maintained
43 strictly as confidential and withheld from public disclosure by the Commission and its staff and
44 contractors. Nothing in this subsection shall prevent the Commission from disclosing
45 confidential information to a federal or State law enforcement agency or upon an order by a court
46 of competent jurisdiction.

47 (b) Notwithstanding Chapter 132 of the General Statutes or any other provision of law,
48 the following information submitted in conjunction with an application for any license authorized
49 under this Article shall be a public record, with respect to each such applicant and licensee:

50 (1) Name and address.

51 (2) Names of key persons.

- 1 (3) The documented history of working to prevent compulsive gambling,
2 including training programs for its employees.
3 (4) The proposed casino brand the applicant plans to hold out to the public as the
4 name of the casino.
5 (5) Whether the application was approved or denied.
6 (6) All other information which is in the public domain or will be publicly
7 disclosed in the ordinary course of business.

8 (c) If an action is brought pursuant to G.S. 132-9 to compel the Commission to disclose
9 any information an applicant or licensee has designated as confidential, the Commission shall
10 promptly notify such applicant or licensee in writing. The Commission shall have no liability to
11 any applicant or licensee for the disclosure of applicant or licensee information ordered by a court
12 of competent jurisdiction pursuant to G.S. 132-9 or any other applicable law.

13 **"§ 18C-1110. Duties of licensee.**

14 (a) Each licensee under this Article shall promptly report to the Commission all criminal
15 or disciplinary proceedings commenced against them. Each applicant for licensure shall promptly
16 report to the Commission all criminal or disciplinary proceedings commenced against them while
17 their application is pending before the Commission.

18 (b) Each gaming operator shall do the following:

- 19 (1) Allow the Commission to conduct periodic inspections of records, at least
20 semiannually, to verify that the criteria for licensure eligibility is being
21 maintained. The Commission shall determine the schedule for periodic
22 inspections, which it shall conduct in a manner consistent with other duties
23 and powers described herein.
24 (2) Promptly report any change of key persons to the Commission. All new key
25 persons shall consent to a background investigation under G.S. 18C-1107.
26 (3) Reimburse the Commission the cost of conducting a background investigation
27 on a new key person.
28 (4) Authorize the Commission to inspect and investigate any facilities associated
29 with the licensee at any time deemed necessary by the Commission to protect
30 and promote the overall safety, security, and integrity of gaming in this State
31 and to ensure compliance with this Article and rules adopted by the
32 Commission.

33 (c) In addition to the requirements of subsection (b) of this section, each Class III gaming
34 supplier shall furnish to the Commission a list of all management services, equipment, devices,
35 and supplies offered for sale or lease in connection with the games authorized under this Article
36 and rules adopted by the Commission. The list shall be updated as required by the Commission.
37 Gaming equipment, devices, and supplies shall not be distributed unless such equipment, devices,
38 and supplies conform to standards adopted by the Commission and are approved for use in the
39 State. Any gaming equipment, devices, or supplies that are not approved for use in the State or
40 are used by any person for unauthorized gaming operations shall be seized and forfeited to the
41 State.

42 **"§ 18C-1111. Transfer of control.**

43 (a) Except as authorized under subsection (b) of this section for gaming operators and
44 Class III gaming supplier licensees, no license may be transferred, assigned to another person, or
45 pledged as collateral.

46 (b) Upon the sale or transfer of the majority ownership of a gaming operator or Class III
47 gaming supplier licensee, the licensee may not continue to operate in this State until a new
48 application for licensure, including required applications from any key persons and any
49 associated fees, have been submitted to and approved by the Commission.

50 **"§ 18C-1112. Record keeping.**

1 The Commission shall adopt rules prescribing the record keeping requirements for licensees.
2 The Commission shall have the right to inspect and copy, during normal business hours, any and
3 all records relating to Class III gaming. All records, and copies thereof, shall remain the property
4 of the gaming operator regardless of their location. All such records, and information derived
5 from them, are confidential and proprietary information of the licensee and shall not be deemed
6 a public record under Chapter 132 of the General Statutes.

7 If an action is brought pursuant to G.S. 132-9 to compel the Commission to disclose any
8 confidential or trade secret information of a gaming operator or Class III gaming supplier, the
9 Commission shall promptly notify such licensee in writing. The Commission shall have no
10 liability to any licensee with respect to the disclosure of licensee information ordered by a court
11 of competent jurisdiction pursuant to G.S. 132-9 or any other applicable law.

12 **"§ 18C-1113. Commission presence during inspection and investigation.**

13 The Commission's need to inspect and investigate licensees and their facilities is presumed
14 at all times. The Commission has authority at any time to be present through its inspectors,
15 agents, auditors, and staff in any casino or Class III gaming supplier licensee's facility in this
16 State for the purposes of (i) enforcing this Article and the Commission's rules and (ii) protecting
17 and promoting the overall safety, security, and integrity of gaming.

18 **"§ 18C-1114. Class III gaming.**

19 A gaming operator may offer Class III gaming, subject to the following:

- 20 (1) Wagers may be received only from a person physically present at the casino.
21 No person present at such facility shall place or attempt to place a wager on
22 behalf of another person who is not physically present on the gaming floor.
- 23 (2) No person under the age of 21 is permitted to place a wager within a casino.
- 24 (3) Gaming operations, including services and amenities related to or supporting
25 such operations, may be conducted at a casino 24 hours per day, seven days
26 per week.
- 27 (4) A gaming operator may only accept cash and cash equivalents, as defined in
28 G.S. 105-113.150, for a wager.

29 **"§ 18C-1115. Prohibition on mobile gaming.**

30 Class III gaming shall only occur on site and in person. No person issued a license pursuant
31 to this Article is precluded from obtaining additional licenses under Articles 9 and 10 of this
32 Chapter and simultaneously operating under those licenses on the property of the casino.

33 **"§ 18C-1116. Independent audit.**

34 At least once per year, each gaming operator shall engage, at its own expense, an independent
35 certified public accountant to audit the books and records of all Class III gaming conducted
36 pursuant to this Article and shall provide a copy of such audit and copies of all current internal
37 accounting and audit procedures to the Commission and the North Carolina Attorney General
38 within 30 days of the gaming operator's receipt of the final audit report. The audit shall also
39 include a section regarding practices, procedures, internal controls, and all other steps to ensure
40 the integrity of gaming, as well as any noncompliance with the gaming operator's internal
41 controls, federal regulations, or rules adopted by the Commission pursuant to this Article. The
42 gaming operator shall permit the State to consult with the auditors before or after any audits or
43 periodic checks on procedures which may be conducted by the auditors and shall allow the State
44 to submit written or oral comments or suggestions for improvements regarding the accounting
45 and audit procedures.

46 **"§ 18C-1117. Advertising and marketing.**

47 Gaming operators shall ensure that all gaming-related advertisements and marketing
48 materials meet the following requirements:

- 49 (1) It does not target persons under the age of 21.
- 50 (2) It discloses the identity of the gaming operator.

- 1 (3) It provides information about, or links to, resources related to responsible
2 gaming and gambling addiction and prevention.
- 3 (4) It is not misleading to a reasonable person.
- 4 (5) It does not present gaming as a means of relieving any person's financial or
5 personal difficulties.
- 6 (6) It satisfies the rules adopted by the Commission.

7 **"§ 18C-1118. Civil penalties; suspension and revocation of licenses.**

8 (a) If the Commission determines that the holder of a license under this Article has
9 violated any provision of this Article or rules adopted by the Commission, the Commission may
10 take any action authorized under this subsection. Except for occupational licensees, any action
11 by the Commission may only occur after at least 15 days' notice to the licensee and a hearing.
12 The actions are as follows:

- 13 (1) Suspend or revoke the license of any person committing a criminal offense
14 related to gaming or committing any other offense or violation of this Article
15 or applicable law which would otherwise disqualify such person from holding
16 the license. If the Commission suspends or revokes a Class III gaming license
17 of a gaming operator, the Commission shall immediately notify the Secretary
18 of Commerce.
- 19 (2) For violations by a gaming operator, Class III gaming supplier licensee, or
20 non-gaming supplier licensee, impose a monetary penalty of not more than
21 five thousand dollars (\$5,000) for each violation. Monetary penalties collected
22 by the Commission under this section shall be remitted to the Civil Penalty
23 and Forfeiture Fund in accordance with G.S. 115C-457.2.
- 24 (3) Issue cease and desist orders which specify the conduct which is to be
25 discontinued or altered by the licensee.
- 26 (4) Issue letters of reprimand, which shall be made part of the file of each licensee.

27 (b) Nonpublic record documents and materials that applicants and licensees submit to the
28 Commission may become public record if such materials are specifically identified by the
29 Commission as providing a basis for a civil penalty, license suspension, or license revocation
30 imposed by the Commission against the licensee.

31 (c) The Commission may suspend, revoke, or refuse to renew a license, or impose a
32 monetary penalty upon a licensee, if the licensee does any of the following:

- 33 (1) Knowingly or negligently violates or fails to comply with any provision of
34 this Article.
- 35 (2) Fails to meet and maintain the criteria for licensure.
- 36 (3) Fails to disclose information during the application process which could
37 disqualify the applicant from licensure.
- 38 (4) Is convicted of a felony or gambling-related offense after a license has been
39 issued.
- 40 (5) Fails to maintain proper accounting books and records in accordance with
41 generally accepted accounting principles and rules adopted by the
42 Commission.
- 43 (6) Fails to pay any tax, fees, or other charges required under law.
- 44 (7) Commits any act of fraud, deceit, misrepresentation, or engages in conduct
45 prejudicial to public confidence in the integrity of gaming operations.

46 **"§ 18C-1119. Criminal penalties.**

47 (a) A person who does any of the following is guilty of a Class I felony:

- 48 (1) Manufactures, sells, or distributes any gambling game, card, chip, dice, or
49 device that is intended to be used to violate any provision of this Article or
50 rules adopted by the Commission.

- 1 (2) Manufactures, sells, or distributes any gambling game without a Class III
2 gaming supplier license issued by the Commission.
- 3 (3) Deals, operates, carries on, conducts, maintains, exposes, or offers for play
4 any gambling game without a Class III gaming license issued by the
5 Commission.
- 6 (4) Is cheating while playing or operating a gambling game or engaged in Class
7 III gaming at a casino.
- 8 (5) Claims, collects, or takes, or attempts to claim, collect, or take money or
9 anything of value in or from a game, with intent to defraud, without having
10 made a wager contingent on winning the game, or claims, collects, or takes an
11 amount of money or thing of value greater than the amount won.
- 12 (6) Uses counterfeit chips or tokens in a game.
- 13 (7) Possesses any key or device designed for the purpose of opening, entering, or
14 affecting the operation of a game, drop box, or electronic or mechanical device
15 connected with the game or for removing coins, tokens, chips, or other
16 contents of a game. This subdivision does not apply to a licensee or employee
17 of a licensee acting in furtherance of the employee's employment.
- 18 (8) Willfully fails to report, pay, or truthfully account for a fee, tax, or assessment
19 imposed by the State arising from gaming or attempting in any way to evade
20 or defeat a license fee, tax, or payment imposed by the State arising from
21 gaming. A person convicted under this subdivision is also subject to a civil
22 penalty of three times the amount of the licensee fee or tax not paid.

23 (b) In addition to other penalties or forfeitures provided for under this Article, the
24 Commission may impose an administrative sanction, including a civil penalty for each violation,
25 on any person who violates any provision of subsection (a) of this section. The Commission may
26 also seek equitable and injunctive relief in any court of competent jurisdiction in the State to
27 cease or prevent further violations.

28 (c) A person under the age of 21 who knowingly places a wager at a casino or any gaming
29 operator who knowingly accepts a wager from a person under the age of 21 is guilty of a Class 2
30 misdemeanor.

31 (d) Possession of more than one of the items described in subdivisions (a)(6) and (a)(7)
32 of this section creates a rebuttable presumption that the person in possession of said items
33 intended to use the items for cheating.

34 **"§ 18C-1120. Property subject to seizure.**

35 Any gambling game, equipment, gaming device, money, apparatus, material of gaming,
36 proceeds, substituted proceeds, or real or personal property used, obtained, or received in
37 violation of this Article or rules adopted by the Commission shall be subject to seizure,
38 confiscation, destruction, or forfeiture.

39 **"§ 18C-1121. Unclaimed prizes.**

40 Prizes from Class III gaming that remain unclaimed shall be considered abandoned property
41 after one year from the date the prize became payable and dealt with pursuant to applicable State
42 law. A person under 21 is not entitled to cash or a prize from engaging in Class III gaming
43 activities. If a person under 21 years of age engages in gaming activities, the cash or prize shall
44 be deemed forfeited and be remitted to the Civil Penalty and Forfeiture Fund in accordance with
45 G.S. 115C-457.2.

46 **"§ 18C-1122. Persons prohibited from Class III gaming.**

47 (a) All of the following persons are prohibited from engaging in Class III gaming:

- 48 (1) Any person under the age of 21.
- 49 (2) Any person who has requested and not revoked a voluntary exclusion
50 designation pursuant to G.S. 18C-922.

- 1 (3) Any person who has been adjudicated by law as prohibited from engaging in
2 Class III gaming.
3 (4) Any member or employee of the Commission when placing a wager on Class
4 III gaming in this State.
5 (5) Any employee or key person of a gaming operator when placing a wager with
6 that gaming operator or any employee or key person of a Class III gaming
7 supplier licensee when placing a wager with a gaming operator that contracts
8 with the Class III gaming supplier licensee.
9 (6) Any occupational licensee when placing a wager with the gaming operator of
10 which they are employed.
11 (7) Any person ejected or banned by a gaming operator from the gaming
12 operator's casino or other property owned or controlled by the gaming
13 operator.

14 (b) The prohibitions listed in subdivisions (4), (5), and (6) of subsection (a) of this section
15 do not apply to a person engaging in Class III gaming in the performance of that person's duties
16 in testing gaming equipment or pursuant to rules adopted by the Commission.

17 **"§ 18C-1123. Application of Article.**

18 The provisions of this Article do not apply to an Indian tribe conducting operations in
19 accordance with an approved Class III Tribal-State Gaming Compact applicable to that tribe as
20 provided in G.S. 147-12(14) and G.S. 71A-8.

21 **"§ 18C-1124. Commission competition prohibited.**

22 The operation of gambling games shall be considered a service establishment for the
23 rendering of services for the purposes of G.S. 68-58, and the Commission shall not operate any
24 gambling game in competition with the citizens of this State."

25 SECTION #.(c) Chapter 105 of the General Statutes is amended by adding a new
26 Article to read:

27 "Article 2F.

28 "Gaming Taxes.

29 **"§ 105-113.150. Definitions.**

30 The following definitions apply in this Article:

- 31 (1) Cash equivalent. – An asset that is readily convertible to cash, including the
32 following:
33 a. Chips or tokens.
34 b. Travelers checks.
35 c. Foreign currency and coin.
36 d. Certified checks, cashier's checks, and money orders.
37 e. Personal checks or drafts.
38 f. A negotiable instrument applied against credit extended by a gaming
39 operator or a financial institution.
40 g. A prepaid access instrument.
41 (2) Class III gaming. – Defined in G.S. 18C-1101.
42 (3) Gaming operator. – Defined in G.S. 18C-1101.
43 (4) Gross gaming revenue. – Gross receipts minus the following:
44 a. Cash or cash equivalents paid to players as winnings.
45 b. The costs paid by a gaming operator for any personal property
46 distributed to a player as a result of a wager. This does not include
47 travel expenses, food, refreshments, lodging, or services.
48 (5) Gross receipts. – The total amount of cash or cash equivalents paid by a player
49 to a gaming operator as a wager on Class III gaming. This term does not
50 include the cash value of bonuses or promotional credits exchanged for chips,

1 tokens, tickets, electronic cards, or similar items that may be used to wager on
2 Class III gaming.

3 (6) Wager. – Defined in G.S. 18C-1101.

4 **"§ 105-113.151. Excise tax on gross gaming revenue.**

5 (a) Rate. – An excise tax of twenty-two and one-half percent (22.5%) is levied on gross
6 gaming revenue in this State. A gaming operator who accepts wagers subject to the tax imposed
7 by this section is liable for the tax imposed by this section.

8 (b) Report. – Taxes levied by this Article are payable when a report is required to be filed.
9 A report is due on a monthly basis. A monthly report covers the total amount of gross gaming
10 receipts received by a gaming operator during the previous calendar month and is due within 20
11 days after the end of the month covered by the report. A report is filed on a form prescribed by
12 the Secretary.

13 (c) Records. – A person who is required to file a report under this Article must keep a
14 record of all documents used to determine information the person provides in a report. These
15 records shall be open at all times for inspection by the Secretary or an authorized representative
16 of the Secretary and shall be kept for the applicable period of statute of limitations as set forth
17 under Article 9 of this Chapter.

18 **"§ 105-113.152. Bond or irrevocable letter of credit.**

19 The Secretary may require a gaming operator to furnish a bond in an amount that adequately
20 protects the State from a gaming operator's failure to pay taxes due under this Article. A bond
21 must be conditioned on compliance with this Article, payable to the State, and in the form
22 required by the Secretary. The amount of the bond is equal to the gaming operator's expected
23 monthly tax liability under this Article, as determined by the Secretary. The Secretary shall
24 periodically review the sufficiency of bonds required of gaming operators and increase the
25 amount of a required bond when the amount of the bond furnished no longer covers the
26 anticipated tax liability of the gaming operator and decrease the amount when the Secretary
27 determines that a smaller bond amount will adequately protect the State from loss.

28 For purposes of this section, a gaming operator may substitute an irrevocable letter of credit
29 for the secured bond required by this section. The letter of credit must be issued by a commercial
30 bank acceptable to the Secretary and available to the State as a beneficiary. The letter of credit
31 must be in a form acceptable to the Secretary, conditioned upon compliance with this Article,
32 and in the amounts stipulated in this section.

33 **"§ 105-113.153. Use of tax proceeds.**

34 Except for amounts transferred to reimburse the North Carolina State Lottery Commission
35 and amounts allocated to a county as provided in this section, the Secretary shall credit the net
36 proceeds of the tax collected under this Article to the General Fund. The Lottery Commission
37 shall, no later than 20 days after the end of the month, notify the Department of its unreimbursed
38 expenses from administering the provisions of Article 11 of Chapter 18C of the General Statutes
39 from the previous month. The Department shall reimburse the Lottery Commission from the tax
40 revenues collected under this Article no later than the end of the month in which the Department
41 was notified. Except as provided in subdivision (1) of this section, the Secretary shall divide the
42 amount allocated to a county under this section among the county and its municipalities in
43 accordance with the method determined by the county pursuant to G.S. 105-472. The Secretary
44 shall make the following county allocations:

45 (1) For a county in which a gaming operator is located and receives wagers, five
46 percent (5%) of the net proceeds of the tax collected in that county under this
47 Article. If the gaming operator is located within the corporate limits or the
48 extraterritorial jurisdiction of a municipality with a population of 35,000 or
49 more as of the most recent federal decennial census, the Secretary shall divide
50 the amount allocated under this subdivision among the county and
51 municipality in accordance with the method determined by the county

1 pursuant to G.S. 105-472. Otherwise, the Secretary shall remit the entire
2 amount allocated under this subdivision to the county.

3 (2) For counties that do not receive an allocation under subdivision (1) of this
4 section:

5 a. Five percent (5%) of the net proceeds of the tax collected under this
6 Article split on a per capita basis between the counties that are
7 development tier one areas, as defined in G.S. 143B-437.08.

8 b. Five percent (5%) of the net proceeds of the tax collected under this
9 Article split on a per capita basis between the counties that are
10 development tier two areas, as defined in G.S. 143B-437.08."

11 **SECTION #.(d)** Article 37 of Chapter 14 of the General Statutes is amended by
12 adding the following new sections to read:

13 **"§ 14-292.3. Class III gaming at approved economic development project sites.**

14 Except as otherwise provided in this section, and notwithstanding any laws which make Class
15 III gaming unlawful in this State, the Class III gaming activities described in Article 11 of Chapter
16 18C of the General Statutes may legally be conducted on the site that is the subject of a Rural
17 Tourism Incentive Program agreement pursuant to G.S. 143B-437.02C, if the Class III games
18 are conducted in accordance with a valid Class III gaming license issued by the North Carolina
19 State Education Lottery Commission pursuant to G.S. 18C-1103.

20 **"§ 14-292.4. Class III gaming by Lumbee Tribe; exclusive right in certain counties.**

21 (a) The General Assembly of North Carolina makes the following findings of fact:

22 (1) The federal law, entitled An Act Related to the Lumbee Indians of North
23 Carolina, 70 Stat. 254 (1956), terminated the United States government's
24 relationship with the Lumbee Tribe and has resulted in long-lasting economic
25 burdens and difficulties for the Lumbee Tribe.

26 (2) The State of North Carolina has recognized the Lumbee Tribe in Chapter 71A
27 of the General Statutes as a government carrying out substantial governmental
28 responsibilities.

29 (3) The Lumbee Tribe has suffered unique burdens and barriers as a result of An
30 Act Related to the Lumbee Indians of North Carolina.

31 (4) It is the intent of the General Assembly to ensure equitable treatment of all
32 Indian tribes recognized by this State and to provide appropriate redress for
33 dissimilar treatment resulting from the federal legislation cited in subdivision
34 (1) of this subsection, which the Rural Tourism Incentive Program agreement
35 authorized in subsection (b) of this section is intended to achieve.

36 (b) Notwithstanding any other provision of law, if requested by the Lumbee Tribe, the
37 Secretary of Commerce shall enter into a Rural Tourism Incentive Program agreement pursuant
38 to G.S. 143B-437.02C with an entity owned in whole or in part by the Lumbee Tribe or its
39 affiliate for the development of one Rural Tourism District, including the conduct of commercial
40 gaming. The eligible location, employment and investment requirements, and application and
41 proposal submission fees required under G.S. 143B-437.02C shall not apply to the agreement
42 authorized under this subsection. Consistent with G.S. 143B-437.02C, the entity established by
43 the Lumbee Tribe that enters into the Rural Tourism Incentive Program agreement with the
44 Secretary shall enjoy a rebuttable presumption that it is qualified to receive a Class III gaming
45 license issued by the North Carolina State Lottery Commission pursuant to G.S. 18C-1103. The
46 provisions of G.S. 105-113.150 through G.S. 105-113.153 shall apply to the entity conducting
47 commercial Class III gaming on behalf of the Lumbee Tribe under an agreement authorized under
48 this subsection. The Class III games conducted pursuant to this subdivision must be in one or
49 more of the following counties:

50 (1) Bladen.

51 (2) Brunswick.

- 1 (3) Columbus.
- 2 (4) Hoke.
- 3 (5) New Hanover.
- 4 (6) Richmond.
- 5 (7) Robeson.
- 6 (8) Scotland.

7 (c) Except as otherwise provided in this section, and notwithstanding any laws that make
8 Class III gaming, as defined by the federal Indian Gaming Regulatory Act, 25 U.S.C. § 2701, et
9 seq., unlawful in this State, the Class III gaming activities described in G.S. 14-292.2 may legally
10 be conducted by the Lumbee Tribe if all of the following apply:

- 11 (1) The United States government grants federal recognition to the Lumbee Tribe.
- 12 (2) The Class III games are conducted in accordance with a valid Class III
13 Tribal-State Gaming Compact or an amendment to a Compact, applicable to
14 the tribe, that has been negotiated and entered into by the Governor under the
15 authority provided in G.S. 147-12(a)(14) and G.S. 71A-8.
- 16 (3) The Tribal-State Gaming Compact has been approved by the U.S. Department
17 of the Interior.
- 18 (4) The Tribal-State Gaming Compact requires that all monies paid by the tribe
19 under the Compact be paid to the Indian Gaming Education Revenue Fund
20 established by law.

21 (d) The Lumbee Tribe shall have the exclusive right to lawfully conduct Class III gaming
22 activities described in G.S. 14-292.2 in the counties listed in subsection (b) of this section."

23 **SECTION #.(e)** G.S. 14-292 reads as rewritten:

24 "**§ 14-292. Gambling-Gambling with faro banks and tables.**

25 Except as provided in Chapter 18C of the General Statutes or in Part 2 or Part 4 of this Article,
26 Statutes, if any person or organization that operates any game of chance or any person who plays
27 at or bets on any game of chance at which any money, property or other thing of value is bet,
28 shall open, establish, use, or keep a faro bank, or a faro table, with the intent that games of chance
29 may be played thereat, or shall play or bet thereat any money, property, or other thing of value,
30 whether the same be in stake or not, the person shall be guilty of a Class 2 misdemeanor. This
31 section shall not apply to a person who plays at or bets on any lottery game being lawfully
32 conducted in any state."

33 **SECTION #.(f)** G.S. 14-295 reads as rewritten:

34 "**§ 14-295. Keeping gaming tables, illegal punchboards or slot machines, or betting thereat.**

35 If Except as provided in Chapter 18C of the General Statutes, if any person shall establish,
36 use or keep any gaming table (other than a faro bank), by whatever name such table may be
37 called, an illegal punchboard or an illegal slot machine, at which games of chance shall be played,
38 he shall be guilty of a Class 2 misdemeanor; and every person who shall play thereat or thereat
39 bet any money, property or other thing of value, whether the same be in stake or not, shall be
40 guilty of a Class 2 misdemeanor."

41 **SECTION #.(g)** G.S. 14-296 reads as rewritten:

42 "**§ 14-296. Illegal slot machines and punchboards defined.**

43 An illegal slot machine or punchboard within the contemplation of G.S. 14-295 through
44 14-298 is defined as a device where the user may become entitled to receive any money, credit,
45 allowance, or anything of value, as defined in G.S. 14-306. This section does not apply to Class
46 III gaming conducted pursuant to Article 11 of Chapter 18C of the General Statutes."

47 **SECTION #.(h)** G.S. 14-297 reads as rewritten:

48 "**§ 14-297. Allowing gaming tables, illegal punchboards or slot machines on premises.**

49 If Except as provided in Chapter 18C of the General Statutes, if any person shall knowingly
50 suffer to be opened, kept or used in his house or on any part of the premises occupied therewith,
51 any of the gaming tables prohibited by G.S. 14-289 through 14-300 or any illegal punchboard or

1 illegal slot machine, he shall forfeit and pay to anyone who will sue therefor two hundred dollars
2 (\$200.00), and shall also be guilty of a Class 2 misdemeanor."

3 **SECTION #.(i)** G.S. 14-301 reads as rewritten:

4 **"§ 14-301. Operation or possession of slot machine; separate offenses.**

5 It shall be unlawful for any person, firm or corporation to operate, keep in his possession or
6 in the possession of any other person, firm or corporation, for the purpose of being operated, any
7 slot machine or device where the user may become entitled to receive any money, credit,
8 allowance, or anything of value, as defined in G.S. 14-306. Each time said machine is operated
9 as aforesaid shall constitute a separate offense. This section does not apply to Class III gaming
10 conducted pursuant to Article 11 of Chapter 18C of the General Statutes."

11 **SECTION #.(j)** G.S. 14-302 reads as rewritten:

12 **"§ 14-302. Punchboards, vending machines, and other gambling devices; separate offenses.**

13 It shall be unlawful for any person, firm, or corporation to operate or keep in his possession,
14 or the possession of any other person, firm, or corporation, for the purpose of being operated, any
15 punchboard, slot machine or device where the user may become entitled to receive any money,
16 credit, allowance, or anything of value, as defined in G.S. 14-306. Each time said punchboard,
17 slot machine or device where the user may become entitled to receive any money, credit,
18 allowance, or anything of value, as defined in G.S. 14-306 is operated, played, or patronized by
19 the paying of money or other thing of value therefor, shall constitute a separate violation of this
20 section as to operation thereunder. This section shall not apply to Class III gaming conducted
21 pursuant to Article 11 of Chapter 18C of the General Statutes."

22 **SECTION #.(k)** G.S. 14-304 reads as rewritten:

23 **"§ 14-304. Manufacture, sale, etc., of slot machines and devices.**

24 It shall be unlawful to manufacture, own, store, keep, possess, sell, rent, lease, let on shares,
25 lend or give away, transport, or expose for sale or lease, or to offer to sell, rent, lease, let on
26 shares, lend or give away, or to permit the operation of, or for any person to permit to be placed,
27 maintained, used or kept in any room, space or building owned, leased or occupied by him or
28 under his management or control, any slot machine or device where the user may become entitled
29 to receive any money, credit, allowance, or anything of value, as defined in G.S. 14-306. This
30 section shall not apply to gaming conducted pursuant to Chapter 18C of the General Statutes."

31 **SECTION #.(l)** G.S. 14-305 reads as rewritten:

32 **"§ 14-305. Agreements with reference to slot machines or devices made unlawful.**

33 It shall be unlawful to make or permit to be made with any person any agreement with
34 reference to any slot machines or device where the user may become entitled to receive any
35 money, credit, allowance, or an thing of value, as defined in G.S. 14-306 pursuant to which the
36 user thereof may become entitled to receive any money, credit, allowance, or anything of value
37 or additional chance or right to use such machines or devices, or to receive any check, slug, token
38 or memorandum entitling the holder to receive any money, credit, allowance or thing of value.
39 This section shall not apply to Class III gaming conducted pursuant to Article 11 of Chapter 18C
40 of the General Statutes."

41 **SECTION #.(m)** G.S. 14-306.1A(a) reads as rewritten:

42 "(a) Ban on Machines. – It shall be unlawful for any person to operate, allow to be
43 operated, place into operation, or keep in that person's possession for the purpose of operation
44 any video gaming machine as defined in subsection (b) of this section, except for the exemption
45 for (i) a federally recognized Indian tribe under subsection (e) of this section for whom it shall
46 be lawful to operate and possess machines as listed in subsection (b) of this section if conducted
47 in accordance with an approved Class III Tribal-State Compact applicable to that tribe, as
48 provided in G.S. 147-12(14) and ~~G.S. 71A-8~~G.S. 71A-8 or (ii) an entity licensed pursuant to
49 G.S. 18C-1103."

50 **SECTION #.(n)** G.S. 14-306.3(e) reads as rewritten:

1 "(e) Nothing in this section shall apply to the form of Class III gaming legally conducted
2 (i) on Indian lands which are held in trust by the United States government for and on behalf of
3 federally recognized Indian tribes if conducted in accordance with an approved Class III
4 Tribal-State Gaming Compact applicable to that tribe as provided in G.S. 147-12(14) and
5 G.S. 71A-8.G.S. 71A-8 or (ii) by an entity licensed pursuant to G.S. 18C-1103."

6 **SECTION #.(o)** G.S. 14-306.4(d) reads as rewritten:

7 "(d) Nothing in this section shall be construed to make illegal any activity which is
8 lawfully conducted (i) on Indian lands pursuant to, and in accordance with, an approved
9 Tribal-State Gaming Compact applicable to that Tribe as provided in G.S. 147-12(14) and
10 G.S. 71A-8.G.S. 71A-8 or (ii) by an entity licensed pursuant to G.S. 18C-1103."

11 **SECTION #.(p)** G.S. 14-307 reads as rewritten:

12 **"§ 14-307. Issuance of license prohibited.**

13 ~~There~~ Except as provided in G.S. 105-114.151, there shall be no State, county, or municipal
14 tax levied for the privilege of operating the machines or devices the operation of which is
15 prohibited by G.S. 14-304 through 14-309."

16 **SECTION #.(q)** G.S. 18C-922, as enacted by S.L. 2023-42, reads as rewritten:

17 **"§ 18C-922. Voluntary exclusion program.**

18 (a) The Commission shall establish a voluntary exclusion program for any individual to
19 voluntarily exclude themselves from placing sports wagers under this ~~Article and Article~~,
20 pari-mutuel wagers under Article 10, and wagers under Article 11 of this Chapter. Licensees
21 under this Article and Article Articles 10 and 11 of this Chapter shall use reasonable means to
22 comply with the exclusion of individuals participating in the voluntary exclusion program by the
23 Commission.

24 (b) The Commission shall adopt rules to establish the voluntary exclusion program,
25 which shall provide for all of the following:

- 26 (1) Verification of the individual's request to be placed in the voluntary exclusion
27 program, and for how long, up to and including that individual's lifetime.
- 28 (2) How information regarding which individuals are in the voluntary exclusion
29 program is to be disseminated to licensees under this Article and ~~Article~~
30 Articles 10 and 11 of this Chapter.
- 31 (3) How an individual in the voluntary exclusion program may petition the
32 Commission for removal from the voluntary exclusion program.
- 33 (4) The means by which licensees under this Article and ~~Article Articles~~ 10 and
34 11 of this Chapter and their agents shall make all reasonable efforts to cease
35 direct marketing efforts to individuals participating in the voluntary exclusion
36 program.
- 37 (5) The means by which the Commission shall make available to all licensees
38 under this Article and ~~Article Articles~~ 10 and 11 of this Chapter and their
39 agents the names of the individuals participating in the voluntary exclusion
40 program, which shall be at least quarterly.

41 (c) Participation in the voluntary exclusion program shall not preclude licensees under
42 this Article and ~~Article Articles~~ 10 and 11 of this Chapter and their agents from seeking the
43 payment of a debt accrued by the individual while not participating in the voluntary exclusion
44 program.

45 (d) The voluntary exclusion program shall be exempt from Chapter 132 of the General
46 Statutes and shall be treated as confidential by each licensee under this Article and ~~Article~~
47 Articles 10 and 11 of this Chapter. Licensees under this Article and ~~Article Articles~~ 10 and 11 of
48 this Chapter conducting ~~sports-wagering or pari-mutuel wagering~~ in another state may share the
49 information provided under this section with its agents and affiliates in other states for excluding
50 individuals participating in the voluntary exclusion program."

1 **SECTION #.(r)** G.S. 105-259(b)(33), as amended by Section 4(d) of S.L. 2023-42,
2 reads as rewritten:

3 "(33) To provide to the North Carolina State Lottery Commission the information
4 (i) required under G.S. 18C-141 ~~or~~ and G.S. 18C-1108 and (ii) agreed upon
5 under G.S. 18C-114(c)."

6 **SECTION #.(s)** G.S. 14-309.3, as enacted by Section 4(e) of S.L. 2023-42, reads as
7 rewritten:

8 **"§ 14-309.3. Exempt wagering.**

9 This Article shall not apply to:

- 10 (1) Sports wagering lawfully conducted in compliance with Article 9 of Chapter
11 18C of the General Statutes.
- 12 (2) Pari-mutuel wagering lawfully conducted in compliance with Article 10 of
13 Chapter 18C of the General Statutes.
- 14 (3) Wagering lawfully conducted in compliance with Article 11 of Chapter 18C
15 of the General Statutes."

16 **SECTION #.(t)** G.S. 16-1, as amended by Section 4(f) of S.L. 2023-42, reads as
17 rewritten:

18 **"§ 16-1. Gaming and betting contracts void.**

19 (a) All wagers, bets or stakes made to depend upon any race, or upon any gaming by lot
20 or chance, or upon any lot, chance, casualty or unknown or contingent event whatever, shall be
21 unlawful; and all contracts, judgments, conveyances and assurances for and on account of any
22 money or property, or thing in action, so wagered, bet or staked, or to repay, or to secure any
23 money, or property, or thing in action, lent or advanced for the purpose of such wagering, betting,
24 or staking as aforesaid, shall be void.

25 (b) This section shall not apply to:

- 26 (1) Any sports wager, as defined in G.S. 18C-901, placed in accordance with
27 Article 9 of Chapter 18C of the General Statutes.
- 28 (2) Any pari-mutuel wager, as defined in G.S. 18C-1001, placed in accordance
29 with Article 10 of Chapter 18C of the General Statutes.
- 30 (3) Any wager placed with a gaming operator, as defined in G.S. 18C-1101, in
31 accordance with Article 11 of Chapter 18C of the General Statutes."

32 **SECTION #.(u)** G.S. 18C-161(3), as amended by Section 4(j) of S.L. 2023-42, reads
33 as rewritten:

34 "(3) All other funds credited or appropriated to the Commission from any source,
35 except as provided in G.S. 143B-437.02C, Articles 2E and 2F of Chapter 105
36 of the General Statutes, and Articles ~~9 and 10-9, 10, and 11~~ of this Chapter."

37 **SECTION #.(v)** The North Carolina State Lottery Commission may adopt rules to
38 facilitate the licensure authorized in this section prior to January 8, 2024; however, no rule may
39 become effective until on or after that date. The Commission may accept and issue applications
40 for licensure in accordance with Article 11 of Chapter 18C of the General Statutes, as enacted by
41 this section, prior to January 8, 2024, in order that licensees may begin operations on January 8,
42 2024; however, no license issued by the Commission shall become effective prior to January 8,
43 2024.

44 **SECTION #.(w)** Subsections (a) and (v) of this section are effective when this act
45 becomes law. Subsection (c) of this section becomes effective January 8, 2024, and applies to
46 wagers made with gaming operators on or after that date. The remainder of this section becomes
47 effective January 1, 2024.