

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 1542

Short Title: Video Poker Machines Illegal.

(Public)

Sponsors: Senators Wellons; and Carpenter.

Referred to: Finance.

May 30, 2000

A BILL TO BE ENTITLED

AN ACT TO MAKE POSSESSION OF MORE THAN THREE VIDEO POKER
MACHINES ON ONE PREMISE ILLEGAL IN NORTH CAROLINA AND TO
IMPOSE A PRIVILEGE TAX ON ALL VIDEO POKER MACHINES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 14-306 reads as rewritten:

"§ 14-306. Slot machine or device defined.

(a) Any machine, apparatus or device is a slot machine or device within the provisions of G.S. 14-296 through 14-309, if it is one that is adapted, or may be readily converted into one that is adapted, for use in such a way that, as a result of the insertion of any piece of money or coin or other object, such machine or device is caused to operate or may be operated in such manner that the user may receive or become entitled to receive any piece of money, credit, allowance or thing of value, or any check, slug, token or memorandum, whether of value or otherwise, or which may be exchanged for any money, credit, allowance or any thing of value, or which may be given in trade, or the user may secure additional chances or rights to use such machine, apparatus or device; or any other machine or device designed and manufactured primarily for use in connection with gambling and which machine or device is classified by the United States as requiring a federal gaming device tax stamp under applicable provisions of the Internal Revenue Code. This definition is intended to embrace all slot machines and similar

1 devices except slot machines in which is kept any article to be purchased by depositing
2 any coin or thing of value, and for which may be had any article of merchandise which
3 makes the same return or returns of equal value each and every time it is operated, or any
4 machine wherein may be seen any pictures or heard any music by depositing therein any
5 coin or thing of value, or any slot weighing machine or any machine for making stencils
6 by the use of contrivances operated by depositing in the machine any coin or thing of
7 value, or any lock operated by slot wherein money or thing of value is to be deposited,
8 where such slot machines make the same return or returns of equal value each and every
9 time the same is operated and does not at any time it is operated offer the user or operator
10 any additional money, credit, allowance, or thing of value, or check, slug, token or
11 memorandum, whether of value or otherwise, which may be exchanged for money,
12 credit, allowance or thing of value or which may be given in trade or by which the user
13 may secure additional chances or rights to use such machine, apparatus, or device, or in
14 the playing of which the operator does not have a chance to make varying scores or
15 tallies.

16 (b) The definition contained in ~~the first paragraph~~ subsection (a) of this section and
17 G.S. 14-296, 14-301, 14-302, and 14-305 does not include coin-operated machines, video
18 games, and devices used for amusement. Included within this exception are pinball
19 machines, video games, and other mechanical devices that involve the use of skill or
20 dexterity to make varying scores or tallies and which, in actual operation, limit to eight
21 the number of accumulated credits or replays that may be played at one time and which
22 may award free replays or paper coupons that may be exchanged for prizes or
23 merchandise with a value not exceeding ten dollars (\$10.00), but may not be exchanged
24 or converted to money."

25 Section 2. Chapter 14 of the General Statutes is amended by adding a new
26 section to read:

27 "**§ 14-306.1. Types of machines and devices prohibited by law; penalties.**

28 (a) It shall be unlawful for any person to keep on his premises or operate or permit
29 to be kept on his premises more than three video games with a free play feature operated
30 by a slot in which is deposited a coin or thing of value, or other device operated by a slot
31 in which is deposited a coin or thing of value for the play of any form of card game for
32 amusement and involving the use of skill or dexterity or machines that display different
33 pictures, words, or symbols, at different plays or different numbers, whether in words or
34 figures or, which deposit tokens, paper tickets, markers, or coins at regular intervals or in
35 varying numbers to the player or in the machine, but the provisions of this section do not
36 extend to coin-operated nonpayout pin tables, in-line pin games, or to automatic
37 weighing, measuring, musical, and vending machines which are constructed to give a
38 certain uniform and fair return in value for each coin deposited and in which there is no
39 element of chance.

40 (b) Any person violating the provisions of this section is guilty of a Class 1
41 misdemeanor and, upon conviction, shall be fined not less than one thousand dollars
42 (\$1,000).

43 A second or subsequent violation of this section is a Class I felony.

1 A person violating the provisions of this section involving the operation of having
2 caused the operation of 10 or more machines prohibited by this act shall be guilty of a
3 Class G felony.

4 In addition to any other punishment imposed, the violator shall be, as a condition of
5 probation, prohibited from possessing any machine described in subsection (a) of this
6 section for a period of one year."

7 Section 3. Chapter 14 of the General Statutes is amended by adding a new
8 section to read:

9 **"§ 14-306.2. Seizure and sale of unlawful machines.**

10 Any machine involved in a violation of G.S. 14-306 or of subsection (a) of G.S. 14-
11 306.1 shall be seized by any law enforcement officer using the procedure set forth in G.S.
12 75D-5(f) and the proceeds of any sale shall be returned to the law enforcement agency
13 effectuating the seizure."

14 Section 4. Chapter 14 of the General Statutes is amended by adding a new
15 section to read:

16 **"§ 14-306.3. Privilege tax on video poker machines.**

17 (a) Every person, firm, or corporation that is engaged in the operation of a
18 machine, the number of which is limited per location, as described in G.S. 14-306.1(a),
19 shall apply for and procure from the Secretary of Revenue a State license for the privilege
20 of operating those machines and shall pay for each machine a tax in the amount of one
21 hundred dollars (\$100.00) per year.

22 (b) The tax imposed by this section does not apply to machines other than those
23 limited by G.S. 14-306.1.

24 (c) The tax imposed by this section shall be imposed as a State license tax for the
25 privilege of operating the taxed machines, and nothing in this section shall be construed
26 to relieve any person, firm, or corporation from the payment of any other tax or fee
27 required by law.

28 (d) A separate State license shall be required for each location at which a machine
29 described in G.S. 14-306.1(a) is located.

30 (e) The tax imposed by this section shall be paid to the Secretary of Revenue, or to
31 one of the Secretary's deputies, shall be due and payable within thirty 30 days after the
32 licensed machines are obtained, whether purchased or leased, and placed in the location,
33 and are due annually, thereafter, on the first day of July of each year and after that date
34 shall be deemed delinquent, and subject to all the remedies available and the penalties
35 imposed for the payment of delinquent State license and privilege taxes.

36 (f) The Secretary of Revenue shall transfer, quarterly, the proceeds from the
37 collection of the tax imposed by this section, to the sheriff of the county from which the
38 tax was derived for use in enforcing the provisions of this Article."

39 Section 5. This act becomes effective December 1, 2000, and the taxes added
40 in Section 4 of this act become effective January 1, 2001.