

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 341

Short Title: Horse Racing/Pari-Mutuel Betting.

(Public)

Sponsors: Representatives James; Fitch, McGee, and McLawhorn.

Referred to: Courts, Justice, Constitutional Amendments and Referenda.

March 26, 1991

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE NORTH CAROLINA RACING COMMISSION AND
3 TO PROVIDE FUNDS FOR AGRICULTURAL RESEARCH AND
4 DEVELOPMENT.

5 The General Assembly of North Carolina enacts:

6 Section 1. The General Statutes are amended by adding a new Chapter to
7 read:

8 **"CHAPTER 16A.**
9 **"N.C. RACING ACT.**

10 **"ARTICLE 1.**

11 **"GENERAL PROVISIONS AND DEFINITIONS.**

12 **"§ 16A-1. Short title.**

13 This Chapter may be cited as the 'North Carolina Racing Act.'

14 **"§ 16A-2. Findings and policy.**

15 The General Assembly finds that horse racing events and pari-mutuel wagering
16 within specified areas of the State will generate additional revenues and incentives for
17 breeding development, farmland enhancement, and governmental and charitable
18 purposes, and provide additional jobs for the residents of the State and benefit the
19 businesses related to tourism and recreation within the State. It is in the public interest
20 to permit the qualified voters of this State to determine by referendum whether horse
21 racing and pari-mutuel wagering will be permitted. If horse racing is approved by the
22 voters, it is in the public interest to provide for the establishment of a racing commission
23 to regulate horse racing and pari-mutuel wagering, to promote breeding and farmland
24 enhancement, and to administer and enforce the provisions of this Chapter.

1 **"§ 16A-3. Definitions.**

2 Unless the context clearly otherwise requires, the following definitions apply in this
3 Chapter:

- 4 (1) 'Breakage' means the odd cents of all money to be distributed based on
5 each dollar wagered exceeding a sum equal to the next lowest multiple
6 of 10.
- 7 (2) 'Breeder' means the owner of a female horse at the time the female
8 horse gives birth to a North Carolina-bred horse.
- 9 (3) 'Breeding Fund' means separate horse special funds established by the
10 Commission pursuant to the provisions of this Chapter and any
11 applicable rules of the Commission concerning the breeding, raising,
12 and racing of horses in the State.
- 13 (4) 'Breeding Fund fee' means a fee payable to the Commission by an
14 operator pursuant to this Chapter for deposit into the appropriate
15 horse-breeding fund.
- 16 (5) 'Commission' means the North Carolina Racing Commission.
- 17 (6) 'Handle,' when used with reference to any specified period of time,
18 means the total amount deposited in all of the pari-mutuel pools
19 originated by an operator during the period of time.
- 20 (7) 'Horse racing' means any form of horse racing in which horses carry a
21 rider or pull a sulky.
- 22 (8) 'License' means a privilege, not a right, that is granted to the holder by
23 the Commission in accordance with the provisions of Article 3 of this
24 Chapter.
- 25 (9) 'Licensed facility' or 'licensed race facility' means all areas of a racing
26 association's grounds, including the parking area, to which admission
27 can be obtained only by payment of an admission fee or presentation
28 of official credentials.
- 29 (10) 'Member' means a member of the Commission.
- 30 (11) 'Metro area' means the counties containing a metro area population as
31 defined for the purposes of allocating government funds by the Federal
32 Office of Management and Budget.
- 33 (12) 'Multiple pool' means a licensed pari-mutuel pool (other than a straight
34 pool, a two entry pool, or a super multiple pool) involving three or four
35 combinations of wagers to win, place, or show.
- 36 (13) 'Multiple wager' means a wager in a multiple pool.
- 37 (14) 'Net revenues' means all fees (other than breeding fund fees),
38 commissions and other monies received by the Commission less all
39 expenses incurred in the administration of this Chapter.
- 40 (15) 'North Carolina-trained' is a thoroughbred or standardbred horse which
41 is boarded and trained in North Carolina when not attending racing
42 meetings.
- 43 (16) 'North Carolina-bred horse' means a thoroughbred or standardbred
44 horse which is registered in the registry designated and administered

- 1 by the Commission in accordance with the Commission's rules
2 concerning domicile and registration requirements and which is either:
- 3 a. Foaled from a mare domiciled in the State during the seven-
4 year period beginning with the effective date of this Chapter; or
- 5 b. Sired by a North Carolina stallion and foaled from a mare
6 domiciled in the State at any time after the expiration of the
7 seven-year period.
- 8 (17) 'North Carolina stallion' means a thoroughbred or standardbred stallion
9 which is standing in the State at the time he is bred to the dam of a
10 North Carolina-bred horse, which is registered with the Commission,
11 and which is either:
- 12 a. Owned by a resident of the State and standing the entire stud
13 season in the State;
- 14 b. Owned by a resident of another state but standing the entire stud
15 season in the State and leased by a resident of the State for a
16 term of not less than two years; or
- 17 c. Owned jointly by a resident of the State together with a resident
18 of another state and leased by a resident of the State for a term
19 of not less than two years.
- 20 (18) 'Operator' means a corporation licensed by the Commission to conduct
21 horse racing events and pari-mutuel wagering thereon in accordance
22 with the provisions of this Chapter.
- 23 (19) 'Owner' means a corporation, partnership or other business entity
24 licensed by the Commission to own a racing facility in accordance
25 with the provisions of this Chapter.
- 26 (20) 'Pari-mutuel wagering' means the system of wagering on horse races
27 where those who wager on the horses that finish in the position or
28 positions for which wagers are taken share in the total amounts
29 wagered, less deductions required or permitted by law.
- 30 (21) 'Person' means an individual, firm, association, partnership,
31 corporation, trustee, or legal representative, and any licensee,
32 participant, or patron.
- 33 (22) 'Race track' means a flat or grass surface on which horses race.
- 34 (23) 'Racing day' means a day assigned by the Commission on which racing
35 is conducted.
- 36 (24) 'Racing meeting' means a series of days in which horse racing days are
37 not separated by more than five nonracing days.
- 38 (25) 'Racing purpose animals' means horses raised for racing purposes.
- 39 (26) 'Resident of the State' means any one of the following:
- 40 a. A natural person whose principal residence is located in the
41 State; or
- 42 b. A natural person who does not maintain his or her principal
43 residence in the State but who owns, singly or jointly with his
44 or her spouse, real property located in the State that has an

- 1 original cost to such person or a current fair market value of not
2 less than one hundred thousand dollars (\$100,000); or
3 c. A corporation or partnership which has its principal place of
4 business in the State and more than fifty percent (50%) of the
5 stock or other ownership interest in which is owned by natural
6 persons described in paragraphs a. or b. of this subdivision.
7 (27) 'Simulcasting' means the televised showing of a live race where pari-
8 mutuel wagering is allowed.
9 (28) 'Stallion owner' means the owner of a stallion standing in the State at
10 the time he was bred to the dam of a North Carolina-bred horse.
11 (29) 'State' means the State of North Carolina.
12 (30) 'State Racing Commission' means any agency of the State with the
13 powers and duties specified in G.S. 16A-9.
14 (31) 'Straight pool' means a licensed pari-mutuel pool in which each ticket
15 represents a wager to win, place, or show.
16 (32) 'Straight wager' means a wager in a straight pool.
17 (33) 'Super exotic pool' means a licensed pari-mutuel pool (other than a
18 straight pool, a two entry pool or a multiple pool) involving a
19 combination of five or more wagers to win, place, or show.
20 (34) 'Super exotic wager' means a wager in a super exotic pool.
21 (35) A 'teletheater' means an enclosed heated and air conditioned licensed
22 facility or race facility where simulcasting is conducted and there is no
23 live horse racing.
24 (36) 'Two entry pool' means a licensed pari-mutuel pool (other than a
25 straight pool or a multiple pool or super multiple pool) involving a
26 combination of two straight wagers to win, place, or show.
27 (37) 'Two entry wager' means a wager in a two entry pool.
28 (38) 'Two or more entry pools' means an entry in combination with other
29 entries which may be a series of separate two entry wagers in which
30 any entry combination wins; or which may be a series of combination
31 wagers as in multiple or super exotic wagers in which all such
32 combinations must win.
33 (39) 'Year-round' means a race facility operating at least 10 months of the
34 year at which horse racing, or simulcasting, or any combination
35 thereof, is conducted with pari-mutuel wagering.

36 **"ARTICLE 2.**

37 **"THE COMMISSION.**

38 **"§ 16A-4. Commission created.**

39 The North Carolina Racing Commission is hereby established in the Department of
40 Commerce with the powers and duties specified in this Chapter. The Commission
41 consists of three members, one appointed by the Governor, and subject to confirmation
42 by the General Assembly in joint session utilizing the procedures set forth in G.S. 62-10
43 and two appointed by the General Assembly in accordance with G.S. 120-121, one upon
44 recommendation of the President of the Senate and one upon recommendation of the

1 Speaker of the House of Representatives. The Governor shall designate the chairman of
2 the Commission. Of the members first appointed beginning with the effective date of
3 this Chapter, one by the Governor is for a term of two years, one by the General
4 Assembly upon the recommendation of the President of the Senate is for a term of four
5 years, and one by the General Assembly upon the recommendation of the Speaker of the
6 House is for a term of six years. After the expiration of the initial terms, appointments
7 are for terms of six years.

8 A member of the Commission must have been a resident of North Carolina for at
9 least five years before appointment.

10 **"§ 16A-5. (Reserved).**

11 **"§ 16A-6. Removal; vacancies.**

12 In the case of a vacancy caused by the death, incapacity, resignation or removal of a
13 member appointed by the Governor, the appointment by the Governor is for the
14 remainder of that term and is subject to approval by the General Assembly. Vacancies
15 in appointments by the General Assembly shall be filled in accordance with G.S. 120-
16 122. Each member of the Commission shall serve until a successor is duly appointed
17 and qualified.

18 **"§ 16A-7. Actions.**

19 The Commission may sue and be sued in its own name but no action may be brought
20 against the Commission or any of its members for actions taken in good faith in the
21 performance of its duties. Suits and actions may be commenced against the
22 Commission or any of its members in any court of competent jurisdiction in this State
23 by the service on the Secretary of State of any summons, process, or pleadings
24 authorized by the laws of this State. If any summons, process, or pleadings is served
25 upon the Secretary of State, it must be by duplicate copies. One copy must be retained
26 in the office of the Secretary of State and the other copy must be forwarded immediately
27 by certified mail to the chairman of the Commission at the current address of the
28 Commission. The executive secretary of the Commission shall inform the Secretary of
29 State of the mailing address of the Commission and any changes in it.

30 **"§ 16A-8. Annual report.**

31 The Commission shall on February 15 of each year submit a report to the Governor
32 and the General Assembly on its activities, organizational structure, receipts and
33 disbursements, and recommendation for changes in the laws relating to racing and pari-
34 mutuel wagering.

35 **"§ 16A-9. Commission powers and duties.**

36 The Commission has the following powers and duties:

- 37 (1) To issue a permit to build only quality enclosed heated and air
38 conditioned racing facilities;
- 39 (2) To assign dates and promulgate rules for the conduct of horse racing;
- 40 (3) To license all racing personnel and to issue licenses as provided in this
41 Chapter;
- 42 (4) To enforce all laws and rules governing horse racing;
- 43 (5) To audit books and distribute funds; and to collect and distribute all
44 taxes as provided for in this Chapter;

- 1 (6) To conduct necessary investigations and inquiries and compel the
2 submission of information, documents, and records it deems necessary
3 to carry out its duties;
- 4 (7) To initiate hearings or appeals of alleged wrongdoings;
- 5 (8) To provide testing facilities for racing animals;
- 6 (9) To supervise the conduct of pari-mutuel wagering on horse racing;
- 7 (10) To employ and supervise personnel under the laws of this Chapter;
- 8 (11) To ensure that all operations are cleanly, efficiently, safely, and
9 honestly run;
- 10 (12) To take all necessary steps to ensure the integrity of racing in North
11 Carolina;
- 12 (13) To maintain the goal of service to the public within the objectives of
13 developing tourism and breeding and enhancement of farmlands in
14 North Carolina.

15 **"§ 16A-10. Executive Secretary.**

16 The Executive Secretary is in charge of executing the rules promulgated by the
17 Commission and conducting the business of the Commission. The Executive Secretary
18 shall ensure that pertinent records and statistics are kept for use in annual reports to
19 appropriate parties and coordinate this information with other pari-mutuel states in the
20 National Association of Racing Commissioners.

21 The Executive Secretary is responsible for the licensing department and the racing
22 and pari-mutuel field personnel. The Executive Secretary is responsible for hiring and
23 supervising the office force necessary to carry out the Commission's duties, including
24 the field personnel under the Commission's jurisdiction. The Executive Secretary
25 furnishes staff support to the State Steward.

26 The Executive Secretary shall receive a salary in an amount established by the
27 Commission plus travel and subsistence allowance in accordance with G.S. 136-6.

28 The Executive Secretary is the Commission's chief administrative officer and serves
29 at its pleasure and is exempt from the State Personnel Act. In addition to the above
30 listed duties the Executive Secretary shall perform the following:

- 31 (1) Take and preserve records of all proceedings before the Commission,
32 maintain its books, documents, and records, and make them available
33 for public inspection as the Commission directs;
- 34 (2) If so designated by the Commission, to act as a hearing officer in
35 hearings conducted under the Administrative Procedure Act, to
36 conduct hearings, receive testimony and exhibits, and certify the
37 record of proceedings to the Commission;
- 38 (3) Act as the Commission's chief personnel officer and supervise the
39 employment, conduct, duties, and discipline of Commission
40 employees; and
- 41 (4) Perform other duties as directed by the Commission.

42 **"§ 16A-11. Auditor of Pari-mutuels.**

43 The Commission may employ an Auditor/Inspector of Pari-mutuels who serves at
44 the Commission's pleasure and is exempt from the State Personnel Act. The

1 Auditor/Inspector of Pari-mutuels is responsible for the accuracy of the revenues paid
2 from the facility to the Commission and for seeing that the various funds flow to the
3 appropriate categories as specified by this Chapter. Auditor/Inspector of Pari-mutuels is
4 the Commission's auditor.

5 He shall, while employed by the Commission, devote full time to his duties, which
6 are:

- 7 (1) To supervise all forms of pari-mutuel wagering on horse racing in the
8 State;
- 9 (2) To inspect all machinery;
- 10 (3) To make reports on pari-mutuel wagering as the Commission directs;
- 11 (4) Subject to Commission approval, to appoint deputy auditors to
12 perform duties the Commission designates; and
- 13 (5) To perform other duties as directed by the Commission.

14 If no Auditor of Pari-mutuels is appointed, his duties are assigned to the Executive
15 Secretary. The Commission may contract with outside services or personnel to assist
16 the Executive Secretary in the performance of these duties.

17 **"§ 16A-12. Chief of security.**

18 The Commission may appoint a Chief of Racing Security who serves at the
19 Commission's pleasure and is exempt from the State Personnel Act. The Chief of
20 Racing Security shall devote full time to his duties while employed by the Commission.
21 The Chief of Racing Security shall enforce all laws and Commission rules relating to
22 the security and integrity of racing. Chief of Racing Security and all other persons
23 designated by the Commission as security officers shall have free and open access to all
24 areas of all facilities the Commission licenses and may search without a search warrant
25 any part of a licensed race facility and the person of any licensee of the Commission on
26 the premises. The Chief of Racing Security may order a licensee to take, at the
27 licensee's expense, security measures the Chief of Racing Security determines necessary
28 to protect the integrity of racing, but the order may be appealed to the Commission.
29 Nothing in this Chapter prohibits law enforcement authorities and agents from entering,
30 in the performance of their duties, a premises licensed under this Chapter.

31 If no Chief of Racing Security is appointed, the duties of the position are assigned to
32 the Executive Secretary. The Commission may contract with outside services or
33 personnel to assist the Executive Secretary in the performance of these duties.

34 **"§ 16A-13. Medical services.**

35 The Commission may appoint a Medical Officer who must be a doctor of veterinary
36 medicine and who serves at the Commission's pleasure and is exempt from the State
37 Personnel Act. The Medical Officer shall, while employed by the Commission, devote
38 full time to the duties of the position, which are:

- 39 (1) To supervise the formulation, administration, and evaluation of all
40 medical tests the Commission's rules require or authorize;
- 41 (2) To advise the Commission on all aspects of veterinary medicine
42 relating to its powers and duties;
- 43 (3) To supervise all personnel involved in medical testing, subject to the
44 supervision of the Executive Secretary;

- 1 (4) To supervise the taking of samples from winning animals and others at
2 random and to forward these samples to the State Chemist for analysis
3 (Test barn personnel shall assist the State Medical Officer in the
4 collection of the samples.);
- 5 (5) To observe the conduct and efficiency of the facility's appointed
6 veterinarians; and
- 7 (6) To make inspections of the barn areas for cleanliness and ensure that
8 living and working conditions are compatible with the standards set by
9 the Commission for the horses, and the personnel in the racing
10 department.

11 The Commission may obtain medical services as required by contract with an
12 institution which teaches animal health sciences within the State. If no Medical Officer
13 is appointed, the duties of the position may be assigned to the Executive Secretary.

14 The State Chemist from the Department of Agriculture has the primary duties of
15 testing blood, urine, and saliva samples taken at the facility from winning horses.

16 **"§ 16A-14. Other employees; staff.**

17 Subject to the applicable laws, the Commission shall employ and assign duties to
18 other officers, employees, and agents as it deems necessary to discharge its functions.

19 The operations staff of clerks and secretaries shall carry out duties of the Executive
20 Secretary. These include records and statistics for use in compiling the annual report to
21 the General Assembly, Governor, and the public. They shall coordinate this
22 information with other states with pari-mutuel wagering and with the National
23 Association of State Racing Commissioners. They may assist the State Steward, the
24 State Chemist, the Medical Officer, the Auditor of Pari-mutuels and the State Mutuel
25 Auditor on clerical matters.

26 One person is designated Assistant Executive Secretary/License Department. The
27 Assistant Executive Secretary/License Department is the lead clerical person for
28 licenses, fingerprinting, and fee collection. The Assistant Executive Secretary/License
29 Department shall supervise one clerk who doubles as a photographer for individual
30 licenses, and the Assistant Executive Secretary/License Department shall supervise the
31 office when the Executive Secretary is away. In addition, the Assistant Executive
32 Secretary/License Department shall specialize in clerical matters pertaining to racing.

33 Commission personnel are subject to the same laws, particularly conflict of interest,
34 as are the members of the Commission.

35 **"§ 16A-15. Assistance.**

36 The Commission may request assistance from any department or agency of the State
37 in fulfilling its duties and shall make appropriate reimbursement for all such assistance
38 and services provided by all other governmental entities.

39 **"§ 16A-16. Field personnel.**

40 State Steward: The Commission shall specify the State Steward's duties. Secretaries
41 and office clerks assist the State Steward.

42 Mutuels department: State Mutuel Auditor: This is the field person for the State
43 Auditor whose main duty is to assure the accuracy of the revenues paid from the facility
44 to the Commission and the State.

"ARTICLE 3.
"LICENSING.

"§ 16A-17. License required.

No person may engage in any of the listed activities in G.S. 16A-20 without first having obtained the appropriate license from the Commission.

"§ 16A-18. Drug testing.

The Commission may require that all licensed personnel must sign waivers allowing drug testing.

"§ 16A-19. Nontransferable.

A license issued under this Chapter may not be transferred.

"§ 16A-20. Classes.

The Commission may issue four classes of licenses:

- (1) Class A ownership licenses. For the ownership and use of a race facility with horse racing on which pari-mutuel wagering is conducted;
- (2) Class B operator licenses. For the function, sponsorship and management of horse racing on which pari-mutuel wagering is conducted;
- (3) Class C occupational licenses. For the privilege of engaging in certain occupations relating to horse racing; and
- (4) Class D special licenses. For the privilege of engaging in certain occupations, services, events, and promotions that by their nature require State sanction and control. This includes such special events, promotions, or public service performances by or for associations which by their size and/or nature necessitate the approval or cooperation of various other governmental agencies.

All application forms for licenses must contain a statement to the effect that by accepting a license from the Commission, a licensee consents to having his property or person subject to inspection at any time by the Chief of Racing Security or by security officers designated by the Commission.

"§ 16A-21. Policy.

Insofar as practical, the Commission should follow the guidelines on the uniform licensing rules of the National Association of State Racing Commissioners.

It shall be the policy of the Commission to favor the application of those applicants with widespread ownership of stock or limited partnership interests in a corporation or partnership applying for an owner's license to own a racing facility, provided the majority of such interests are residents of this State.

"§ 16A-22. Class A license application.

The Commission may issue one or more Class A licenses and is encouraged but not required to issue more than one license to any one person provided that person is a North Carolina public corporation, the majority of whose stock is owned and controlled by North Carolina resident citizens. An application for a Class A license must be on a form the Commission prescribes and must be accompanied by detailed plans and specifications of the facility, buildings, fences, and other improvements as well as

1 possible future additions including living quarters or other such buildings around the
2 outside perimeter of the oval racing track. The application must contain:

- 3 (1) The name and address of the applicant and, if it is a corporation, the
4 names and addresses of all officers and directors, and the names of all
5 shareholders of the corporation, foreign corporation, partnership or
6 joint venture, and any of its holding corporations;
- 7 (2) If required by the Commission, the names of any person or persons
8 holding directly, indirectly, or beneficially an interest of any kind in
9 the applicant or any of its holding corporations, whether the interest is
10 financial, administrative, policy-making, or supervisory;
- 11 (3) A statement of the assets and liabilities of the applicants, and such
12 other information as the Commission deems appropriate regarding the
13 character and responsibility of the applicant and the members,
14 partners, stockholders, officers and directors of the applicant;
- 15 (4) An affidavit executed by the applicant setting forth that no officer,
16 director, or other person with a present or inchoate direct or indirect
17 financial or management interest in the race facility, to the best of the
18 applicant's knowledge:
 - 19 a. Is in default in the payment of an obligation or debt to the State
20 under the current General Statutes of North Carolina;
 - 21 b. Has ever been convicted of a felony in a State or federal court
22 or has a State or federal felony charge pending;
 - 23 c. Is or has been connected with or engaged in any illegal
24 business;
 - 25 d. Has ever been found guilty of fraud or misrepresentation or a
26 false statement in connection with racing or breeding;
 - 27 e. Has ever been found guilty of a violation of a law or rule
28 relating to horse racing, pari-mutuel wagering or any other form
29 of gambling which is a serious violation as defined by the
30 Commission's rules;
 - 31 f. Has ever knowingly violated a rule or order of the Commission
32 or a law of North Carolina relating to racing; or
 - 33 g. Is not qualified to do business in North Carolina or is not
34 subject to the jurisdiction of the courts of the State.
- 35 (5) An irrevocable consent statement, to be signed by the applicant, which
36 states that suits and actions relating to the subject matter of the
37 application or acts or omissions arising from it may be commenced
38 against the applicant in any court of competent jurisdiction in this State
39 by the service on the Secretary of State of any summons, process, or
40 pleadings authorized by the laws of this State. If any summons,
41 process, or pleadings is served upon the Secretary of State, it must be
42 by duplicate copies. One copy must be retained in the office of the
43 Secretary of State and the other copy must be forwarded immediately

1 by certified mail to the address of the applicant, as shown by the
2 records of the Commission; and

3 (6) Any other information which the Commission in its discretion deems
4 appropriate.

5 **"§ 16A-23. Denial of license.**

6 The Commission shall deny a license to any applicant unless it finds as follows:

7 (1) That over fifty percent (50%) of the natural persons having an
8 ownership interest in the applicant, either directly or indirectly, shall
9 have been residents of the State continuously for a period of five years
10 next preceding the date of the application in question; and

11 (2) That the applicant's facilities will meet the following minimum
12 standards:

13 a. That the primary horse racing facility will provide a track
14 racing surface of at least one mile for horse racing;

15 b. That the facilities will be appropriately heated and air
16 conditioned for conduct of year-round racing; and

17 c. That facilities for simulcasting will be appropriately heated and
18 air conditioned for the conduct of a year-round operation.

19 **"§ 16A-24. License statement.**

20 Every license issued by the Commission shall contain a statement to the effect that
21 such license is a privilege of the State and that all forms of racing conducted under such
22 license shall be subject to the provisions of this Chapter and to the rules promulgated by
23 the Commission.

24 An owner's license shall state therein the person to whom such license is issued, the
25 duration of such license, the location of the proposed race facility or simulcast facility,
26 and such other conditions of the license and related information as the Commission
27 shall deem proper.

28 **"§ 16A-25. Hearing.**

29 Before granting a Class A license, the Commission shall hold at least one public
30 hearing in the area where the race facility is or will be located. The Commission shall
31 also request comments on the application from the governing body of the city or town
32 where the facility is or will be located, or from the county board of commissioners if it
33 is to be located outside a city or town and from the appropriate regional council of
34 governments as the case may be.

35 **"§ 16A-26. Investigation.**

36 Before granting a Class A license the Commission shall conduct or request the State
37 Bureau of Investigation to conduct a comprehensive background and financial
38 investigation of the applicant and its sources of financing. The Commission may charge
39 an applicant an investigation fee in an amount to be determined by the Commission to
40 cover the cost of the investigation and shall from this fee reimburse the State Bureau of
41 Investigation for its share of the cost of the investigation. The Commission shall have
42 access to all criminal history data compiled by the State Bureau of Investigation on
43 Class A licenses and applicants.

44 **"§ 16A-27. License issuance.**

1 In the granting of licenses and allocating dates for racing, the Commission shall give
2 due consideration to:

- 3 (1) The character, reputation, experience and financial integrity of the
4 applicants;
- 5 (2) Their facilities and accommodations for the conduct of racing
6 meetings;
- 7 (3) The location of the facilities of the applicants in relation to the
8 principal centers of population in the State and their relation to the
9 other principal cities of population and to the major resort areas of the
10 State;
- 11 (4) Other factors which in the discretion of the Commission are worthy of
12 consideration.

13 If after considering the information received at the hearing or investigations and the
14 comments requested under G.S. 16A-25, the Commission determines that the license
15 will not adversely affect the public health, welfare, and safety; that the race facility will
16 be operated in accordance with all applicable laws and rules; that the license will not
17 create a competitive situation that will adversely affect racing and the public interest;
18 and that the applicant is financially able to operate a licensed race facility, it may issue a
19 Class A license to the applicant. The license is effective until revoked or suspended by
20 the Commission or relinquished by the licensee.

21 **"§ 16A-28. Prohibited locations.**

22 Licenses may not be issued to conduct horse racing meetings:

- 23 (1) At any place within 150 miles of a location that is to be licensed for
24 extended horse racing;
- 25 (2) At any place that does not have, within 75 miles, a population of at
26 least 750,000 on the effective date of this act;
- 27 (3) For at least three years after racing begins at a first facility and three
28 years after racing begins at a second facility;
- 29 (4) At any location where the operation of a race facility is prohibited by a
30 valid local zoning ordinance;
- 31 (5) For county fair racing or for open structures not containing proper
32 heating and air conditioning;
- 33 (6) For any facility that does not have a minimum of eighty percent (80%)
34 of employees who are residents of this State.

35 Licenses may not be issued to any teletheater facility or other type of off-track
36 wagering structure within 100 miles of a racing facility, within 100 miles of the major
37 mountain or coastal resort areas of this State, or within 150 miles of a horse racing
38 facility.

39 **"§ 16A-29. Changes in ownership or management.**

40 If a change in the officers, directors, shareholders, or other persons with a present or
41 inchoate direct or indirect financial or management interest in the licensee, or a change
42 of ownership of more than five percent (5%) of the licensee's shares, is made after the
43 application is filed or the license issued, the applicant or licensee must notify the

1 Commission of the changes within five days of their occurrence and provide the
2 affidavit required by G.S. 16A-22(4).

3 **"§ 16A-30. License suspension and revocation.**

4 The Commission may revoke a Class A license for a violation of law, order, or rule
5 which in the Commission's opinion adversely affects the integrity of horse racing in
6 North Carolina, or for an intentional false statement made in a license application, or for
7 a willful failure to pay any money required to be paid under this Chapter, or for failure
8 to perform material covenants or representations made in a license application.

9 The Commission may suspend a Class A license for up to one year for a violation of
10 law, order, or rule which in the Commission's opinion adversely affects the integrity of
11 horse racing in North Carolina, and it may suspend a Class A license indefinitely if it
12 determines that the licensee has an officer, director, shareholder, or other person with a
13 direct, indirect, or beneficial interest in the licensee who is a person who is in the
14 Commission's opinion inimical to the integrity of horse racing in North Carolina or who
15 cannot be certified under G.S. 16A-22(4).

16 If the holder of a Class A, B, or D license is found to have more than fifty percent
17 (50%) ownership or control by residents outside of this State, then such holder shall be
18 considered inimical to the integrity and best interests of racing in North Carolina and
19 shall be subject to license suspension and revocation provided the licensee has not
20 complied by remedying such situation by a reasonable procedure and within a specified
21 time allowance as ordered by the Commission.

22 A license revocation or suspension under this subdivision is a contested case under
23 the North Carolina Administrative Procedure Act, Chapter 150B of the General
24 Statutes. In addition, criminal penalties may be imposed as provided in Article 5.

25 **"§ 16A-31. Multiple licenses.**

26 A licensee may be permitted to hold multiple Class A licenses or Class A and Class
27 B licenses provided the applicant is a corporation or partnership with widespread
28 ownership of the stock or limited partnership interest held by North Carolina residents.

29 **"§ 16A-32. Work areas.**

30 A Class A licensee must provide at no cost to the Commission suitable work areas
31 for Commission members, officers, employees, and agents who are directed by the
32 Commission to supervise and control racing at the licensed race facility.

33 **"§ 16A-33. Application.**

34 The Commission may issue one or more Class B licenses for the operation,
35 sponsorship, and management of horse racing licensed race facilities. The application
36 for a Class B license must be on a form the Commission prescribes and must be
37 accompanied by a bond in the principal amount of five hundred thousand dollars
38 (\$500,000) payable to the State of North Carolina conditioned upon the licensee's
39 payment of all fees, taxes, and other money due and payable under this Chapter,
40 including the horse owner's purses and payouts on winning pari-mutuel tickets. The
41 application must contain:

- 42 (1) The name and address of the applicant and if it is a corporation or
43 association, the names of all officers, directors, and shareholders,
44 including those of any of its holding companies;

- 1 (2) If required by the Commission, the names of any person or persons
2 holding, directly, indirectly, or beneficially, an interest of any kind in
3 the applicant or of any of its holding companies, whether the interest is
4 financial, administrative, policy-making, or supervisory;
5 (3) A statement of the assets and liabilities of the applicant;
6 (4) An affidavit of the type described in G.S. 16A-22(4); and
7 (5) An irrevocable consent statement to be signed by the applicant, which
8 states that suits and actions relating to the subject matter of the
9 application or acts or omissions arising from it may be commenced
10 against the applicant in any court of competent jurisdiction in this State
11 by the service on the Secretary of State of any summons, process, or
12 pleadings authorized by the laws of this State. If any summons,
13 process, or pleadings is served upon the Secretary of State, it must be
14 by duplicate copies. One copy must be retained in the office of the
15 Secretary of State and the other copy must be forwarded immediately
16 by certified mail to the address of the applicant, as shown by the
17 records of the Commission.

18 **"§ 16A-34. Hearings; investigations.**

19 Before granting an initial Class B license the Commission shall hold at least one
20 public hearing on the license. Comprehensive investigations must be conducted and
21 their costs paid in the manner prescribed by G.S. 16A-26. The Commission shall have
22 access to all criminal history data compiled by the State Bureau of Investigation on
23 Class B licensees and applicants.

24 **"§ 16A-35. License issuance.**

25 If, after considering the information received from the hearing and investigations,
26 the Commission determines that the applicant will conduct horse racing in accordance
27 with all applicable laws and rules; that issuance of a license will not adversely affect the
28 public health, welfare, and safety; that the license will not create a competitive situation
29 that will adversely affect racing and the public interest; and that the applicant is fit to
30 sponsor and manage racing, the Commission may issue a Class B license. The license
31 is for a period of 20 years, but it shall be reviewed annually.

32 **"§ 16A-36. Renewal.**

33 On making the same determination required in G.S. 16A-25, the Commission may
34 renew a Class B license without a hearing unless it determines a hearing to be
35 necessary.

36 **"§ 16A-37. Changes in ownership or management.**

37 If a change in the officers, directors, or other persons with a direct or indirect
38 financial or management interest in the licensee or a change of ownership of more than
39 five percent (5%) of the licensee's shares is made after the initial application or license
40 issuance, the applicant or licensee must notify the Commission of the changes within
41 five days of their occurrence and provide the affidavit required in G.S. 16A-22(4).

42 **"§ 16A-38. License suspension and revocation.**

1 Suspension, revocation, and refusal to renew a Class B license is as provided in G.S.
2 16A-30. A license suspension or revocation or a refusal to renew a Class B license is a
3 contested case under the North Carolina Administrative Procedure Act.

4 **"§ 16A-39. Authority.**

5 The Commission may issue Class C occupational licenses to persons who wish to be
6 employed in horse racing where pari-mutuel wagering is conducted as:

- 7 (1) Horse owners or lessees;
- 8 (2) Jockeys or drivers;
- 9 (3) Exercise workers;
- 10 (4) Grooms;
- 11 (5) Trainers and their assistants;
- 12 (6) Pari-mutuel personnel;
- 13 (7) Security officers;
- 14 (8) Other occupations the Commission by rule determines require
15 licensing to ensure the integrity of horse racing in North Carolina.

16 **"§ 16A-40. License agreements.**

17 The Commission may enter into agreements with comparable bodies in other racing
18 jurisdictions for the mutual recognition of occupational licenses issued by each body.
19 The Commission may by rule provide for and may charge a fee to be determined by the
20 Commission for the registration of each license issued in another jurisdiction.

21 **"§ 16A-41. Application.**

22 An application for a Class C license must be on a form the Commission prescribes
23 and must be accompanied by an affidavit of qualification that the applicant:

- 24 (1) Is not in default in the payment of an obligation or debt to the State;
- 25 (2) Has never been convicted of a felony in a state or federal court and
26 does not have a state or federal felony charge pending;
- 27 (3) Is not and never has been connected with or engaged in an illegal
28 business;
- 29 (4) Has never been found guilty of fraud or misrepresentation in
30 connection with racing or breeding;
- 31 (5) Has never been found guilty of a violation of law or rule relating to
32 horse racing, pari-mutuel wagering or any other form of gambling
33 which is a serious violation as defined by the Commission's rules; and
- 34 (6) Has never knowingly violated a rule or order of the Commission or a
35 law of North Carolina relating to racing.

36 The application must also contain an irrevocable consent statement, to be signed by
37 the applicant, which states that suits and actions relating to the subject matter of the
38 application or acts or omissions arising from it may be commenced against the applicant
39 in any court of competent jurisdiction in this State by the service on the Secretary of
40 State of any summons, process, or pleading authorized by the laws of this State. If any
41 summons, process, or pleading is served upon the Secretary of State, it must be by
42 duplicate copies. One copy must be retained in the office of the Secretary of State and
43 the other copy must be forwarded immediately by certified mail to the address of the
44 applicant, as shown by the records of the Commission.

1 **"§ 16A-42. Investigations.**

2 The Commission shall investigate each applicant for a Class C license to the extent it
3 deems necessary and may request the assistance of and may reimburse the State Bureau
4 of Investigation in investigating applicants. The Commission may by rule require that
5 an applicant be fingerprinted or furnish his fingerprints. Investigations must be
6 conducted and their costs paid in the manner prescribed by G.S. 16A-26. The
7 Commission may cooperate with national and international organizations and agencies
8 in conducting investigations. The Commission by rule may provide for examining the
9 qualifications of an applicant for the license for which the application is being made.
10 The Commission shall have access to all criminal history data compiled by the State
11 Bureau of Investigation on Class C applicants and licensees.

12 **"§ 16A-43. License issuance and renewal.**

13 If the Commission determines that the applicant is qualified for the occupation for
14 which licensing is sought and issuance of a license will not adversely affect the public
15 health, welfare, and safety or the integrity of racing in North Carolina, it may issue a
16 Class C license to the applicant. If it makes a similar finding for a renewal of Class C
17 license, it may renew the license. Class C licenses are effective for one year; for all on
18 premises facility personnel, Class C licenses are effective by Commission rule for one,
19 two, or three years, subject to annual review.

20 **"§ 16A-44. License suspension and revocation.**

21 The Commission may revoke a Class C license for a violation of law or rule which
22 in the Commission's opinion adversely affects the integrity of horse racing in North
23 Carolina or for an intentional false statement made in a license application.

24 The Commission may suspend a Class C license for up to one year for a violation of
25 law, order, or rule.

26 The Commission may delegate to its designated agents the authority to impose
27 suspensions of Class C licenses, and the suspension may be appealed to the Commission
28 according to its rules.

29 A license revocation or suspension is a contested case under the North Carolina
30 Administrative Procedure Act.

31 **"§ 16A-45. Application.**

32 The Commission may issue special privilege Class D licenses to Class B license
33 holders for engaging in such items listed in G.S. 16A-20(4) while _____ operating,
34 conducting, and managing horse racing on which pari-mutuel wagering is conducted.
35 An application for a Class D license must be on a form the Commission prescribes. An
36 application for a Class D license must be accompanied by detailed plans and
37 specifications of the event, promotion, services, logistics, and other such details as
38 requested by the Commission.

39 **"§ 16A-46. Occupational licenses.**

40 A person who participates in the management or conduct of horse racing or pari-
41 mutuel wagering holding a Class D license, who is in an occupation listed in G.S. 16A-
42 39, must have a Class C license from the Commission except for active members of
43 nonprofit organizations who act without compensation as concession workers, pari-
44 mutuel clerks, or grounds attendants.

1 **"§ 16A-47. Hearing.**

2 Before granting an initial application for a Class D license, the Commission may
3 hold at least one public hearing in the county where the license is to be issued, and if the
4 race facility to be licensed is within a city or town, it may also request comments on the
5 application from the governing body of the city or town.

6 **"§ 16A-48. Issuance.**

7 If after considering the information received at any hearing or hearings and
8 considering the comments requested under G.S. 16A-47, the Commission determines
9 that the license will not adversely affect the public health, welfare, and safety and that
10 the racing to be licensed will be conducted in accordance with all applicable laws and
11 rules, it may issue a Class D license to the applicant. The license is for a period of one
12 year or less, with the term to be specified in the license.

13 **"§ 16A-49. Renewal.**

14 On making the determinations required in G.S. 16A-47, the Commission may renew
15 a Class D license without a hearing unless it determines a hearing is necessary.

16 **"§ 16A-49.1. Revocation and suspension.**

17 Revocation and suspension of Class D licenses, and refusals to renew Class D
18 licenses, are as provided in G.S. 16A-30. A license suspension or revocation or a
19 refusal to renew a Class D license is a contested case under the North Carolina
20 Administrative Procedure Act. In addition, criminal penalties may be imposed as
21 provided in Article 5.

22 **"§ 16A-49.2. License fees.**

23 The fee for a Class A license is twelve thousand dollars (\$12,000) payable at two
24 thousand dollars (\$2,000) per month for a period of six months from the date of
25 issuance of the owner's license to the date of the beginning of the operation of the
26 related race facility. The license fee shall be used by the Commission for operating
27 expenses prior to the beginning of operation of the race facility. The fee for a Class B
28 horse racing license is one hundred dollars (\$100.00) for each assigned racing day on
29 which racing is actually conducted. Fees imposed on Class B and Class D licenses
30 must be paid to the Commission at a time and in a manner as provided by rule of the
31 Commission.

32 The Commission shall by rule establish an annual license fee for each occupation it
33 licenses under G.S. 16A-39 but no annual fee for a Class C license may exceed one
34 hundred dollars (\$100.00). At least eighty percent (80%) of all occupational licensed
35 personnel must be residents of this State.

36 All license fee payments received must be paid by the Commission into the
37 Commission's State Treasurer disbursement according to G.S. 16A-63.

38 **"ARTICLE 4.**

39 **"WAGERING/TV/RACE DATES/STEWARDS.**

40 **"§ 16A-50. Authority.**

41 A Class B license gives the licensee authority to conduct pari-mutuel wagering on
42 the results of races run at the licensed race facility, and on other races as authorized by
43 the Commission in G.S. 16A-66.

44 **"§ 16A-51. Requirements.**

1 A licensee conducting pari-mutuel wagering must provide in a licensed heated and
2 air conditioned facility:

3 (1) The necessary equipment for issuing pari-mutuel tickets; and

4 (2) Mechanical or electronic equipment for displaying information the
5 Commission requires. All mechanical or electronic devices must be
6 approved by the Commission before being used.

7 **"§ 16A-52. Types of wagering.**

8 The Commission shall by rule designate those types of pari-mutuel pools which are
9 permitted at licensed facilities, and no licensee may conduct any type of pari-mutuel
10 pool which has not been so designated. In addition to publication required under the
11 Administrative Procedure Act, such rules shall be published by the Commission in book
12 or pamphlet form for general distribution to all interested persons. Under the pari-
13 mutuel system of wagering hereby authorized, an authorized licensee shall be permitted
14 to provide separate pools for bets to win, place, and show as well as separate pools for
15 more complex wagers involving such combinations of races and such combinations of
16 the outcome of races as shall be approved by the Commission. Each pool, less the
17 amount the licensee is permitted to retain pursuant to the provisions of this Chapter,
18 shall be distributed separately to the winners thereof in accordance with the rules of the
19 Commission for that kind of pari-mutuel pool. If there is no ticket wagered on the
20 winning horse for any pari-mutuel pool, the portion of the pool which would have been
21 distributed to any winners thereof shall be distributed to the holders of tickets for such
22 pool in accordance with the rules of the Commission for that kind of pari-mutuel pool.

23 **"§ 16A-53. Takeout; distribution of winnings.**

24 A licensee conducting pari-mutuel wagering must deduct from a straight pari-mutuel
25 pool, before payments to holders of winning tickets, an amount equal to sixteen percent
26 (16%) of the total money in that pool plus the breakage applicable to the winning
27 wagers for that pool. A licensee must deduct from a two-entry pool, before payments to
28 holders of winning tickets, an amount equal to seventeen percent (17%) of the total
29 money in that pool plus the breakage applicable to the winning wagers for that pool. A
30 licensee must deduct from a multiple three- or four-selection pool, before payments to
31 holders of winning tickets, an amount equal to eighteen percent (18%) of the total
32 money in that pool plus the breakage applicable to the winning wagers for that pool. A
33 licensee must deduct from a super exotic pool of five or more selections an amount
34 equal to nineteen percent (19%) of the total money in that pool plus the breakage
35 applicable to the winning wagers for that pool. The remaining money in each pool must
36 be distributed among the holders of winning tickets in a manner the Commission by
37 rules prescribes for each type of pool.

38 **"§ 16A-54. Breakage.**

39 Breakage must be computed on the basis of payoffs rounded down to the next lowest
40 increment of ten cents (10¢), with a minimum payoff of two dollars and twenty cents
41 (\$2.20) on a two-dollar (\$2.00) ticket, except that the licensee may reduce the minimum
42 payoff to two dollars and ten cents (\$2.10) on a two-dollar (\$2.00) ticket if there is not a
43 sufficient amount in a pool to make a minimum payoff of two dollars and twenty cents
44 (\$2.20). A licensee shall be permitted to retain all monies representing the breakage

1 provided that such funds are used for special events, promotions, and projects of the
2 facility. These include funds for the care and training of nonracing horses for guide,
3 security, and other purposes.

4 **"§ 16A-55. (Reserved).**

5 **"§ 16A-56. Capital improvements.**

6 From the amounts deducted from all pari-mutuel pools by a licensee, an amount
7 equal to one percent (1%) of all money in all pools must be set aside by the licensee and
8 used for capital improvements. By permission of the Commission such amount may be
9 accumulated from year to year provided the funds are directly specified to be used on a
10 qualified project.

11 **"§ 16A-57. Purses.**

12 From the amounts deducted from all horse racing pari-mutuel pools by a licensee, an
13 amount equal to seven percent (7%) of all money in all pools must be set aside by the
14 licensee for horse racing and used for purses for horse races conducted by the licensee.
15 From the amounts deducted from all pari-mutuel pools by all licenses, an amount equal
16 to one-half of one percent (1/2 of 1%) of all money in all pools must be set aside by the
17 licensee for use in the North Carolina horse Breeding Funds described in this Chapter.

18 **"§ 16A-58. Payments to State.**

19 There is imposed on the total amount wagered on all pari-mutuel pools on each
20 racing day a tax of one-half of one percent (1/2 of 1%) except that the State shall
21 receive an additional one-half of one percent (1/2 of 1%) of all super exotic pools
22 involving five or more selections. In addition, a licensee annually must furnish to the
23 Commission all net underpayments over net overpayments. In addition to the above
24 tax, the licensee must designate and pay to the Commission for deposit in the respective
25 North Carolina horse Breeding Funds one-half of one percent (1/2 of 1%) of the total
26 amount wagered on all pari-mutuel pools on each racing day. The taxes imposed by this
27 section must be paid from the amounts permitted to be withheld by a licensee under
28 G.S. 16A-57. The Commission may impose an additional admissions tax of not more
29 than ten cents (10¢) per person at any licensed race facility if:

- 30 (1) The additional tax is requested by a local unit of government within
31 whose borders the facility is located;
- 32 (2) A public hearing is held on the request; and
- 33 (3) The Commission finds that the local unit of government requesting the
34 additional tax is in need of its revenue to meet extraordinary expenses
35 caused by the facility.

36 **"§ 16A-59. Payment.**

37 The licensee must remit the tax to the Commission or its representative within seven
38 days of the day on which it was collected. The payments must be accompanied by a
39 detailed statement of the remittance on a form the Commission prescribes. The
40 Commission may by rule provide for the direct deposit of required payments in the
41 Commission's account in a financial institution within the State and for determining the
42 time of applicability of different tax rates under G.S. 16A-58.

43 **"§ 16A-60. Tax exclusive.**

1 The tax imposed by G.S. 16A-58 is in lieu of any tax or license fee, other than the
2 taxes on real property, imposed by a political subdivision and in lieu of any other sales
3 or excise tax imposed by the State on race facility admissions or pari-mutuel pools or
4 pari-mutuel ticket sales.

5 **"§ 16A-61. Reports.**

6 Within 100 days of the end of a racing meeting a licensee subject to the tax imposed
7 by the payments to the Commission or State must file with the Commission a certified
8 statement of receipts from all sources during the racing meeting and of expenses and
9 disbursements, itemized on a form the Commission prescribes after consultation with
10 the State Auditor, showing the licensee's net revenues from all sources. The statement
11 must be prepared by a certified public accountant in accordance with generally accepted
12 auditing standards.

13 **"§ 16A-62. Breeding Funds.**

14 The Commission shall establish North Carolina horse Breeding Funds with the
15 respective monies from horse racing paid to it under G.S. 16A-58. The Commission,
16 after paying the current cost of administering such funds, shall distribute the available
17 net proceeds as follows:

- 18 (1) Twenty percent (20%) of the remaining available money in the horse
19 Breeding Fund must be expended as grants for large and small animals
20 respectively for research and/or programs and related education at
21 North Carolina State University School of Veterinary Medicine and
22 related agricultural education at North Carolina State University and
23 North Carolina A&T.
- 24 (2) After deducting the amount for (1), the balance of the available
25 proceeds shall be apportioned into categories corresponding with the
26 various breeds of horses which are racing at licensed North Carolina
27 race tracks in proportion to each category's contribution to the fund.
28 The available funds in each category may be expended by the
29 Commission to:
- 30 a. Supplement purses for races held exclusively for North
31 Carolina-bred, North Carolina-foaled/whelped or North
32 Carolina-owned horses;
- 33 b. Pay breeders' or owners' awards to the breeders or owners of
34 North Carolina-bred horses which win money at licensed race
35 tracks in the State;
- 36 c. Pay breeders' or owners' awards to the breeders or owners of
37 North Carolina-bred stallions or mares which foal horses that
38 won money at licensed race facilities in the State; and
- 39 d. Provide other financial incentives to encourage the horse-
40 breeding industry in North Carolina.

41 The Commission shall adopt rules governing the distribution of the funds. The
42 Commission may establish advisory committees to advise it on the distribution of
43 money under this section, provided that the members of any such advisory committee
44 shall serve without compensation.

1 **"§ 16A-63. Distribution of proceeds.**

2 The Commission shall distribute all money received under this section and all
3 money received from license fees as follows: All money designated for deposit in the
4 North Carolina Breeding Funds must be paid into those funds for distribution under
5 G.S. 16A-62. Revenue from an additional admissions tax of ten cents (10¢) per person
6 imposed under G.S. 16A-58 must be paid to the local unit of government at whose
7 request it was imposed, at times and in any manner the Commission determines. All
8 other revenues received under this Chapter by the Commission, and all license fees and
9 other revenues it receives, must be paid to the Commission and shall be deposited by the
10 State Treasurer to the account of the Commission. All monies remaining after (i) the
11 payment of all expenses incurred in the administration of this Chapter, including
12 (without limitation thereto) the payment of salaries and expenses of the members and
13 employees of the Commission; and (ii) the deposit into the Breeding Funds of all
14 amounts required by G.S. 16A-52 to be deposited therein shall be allocated and paid not
15 less frequently than once each calendar year, twenty-five percent (25%) to:

- 16 (1) Agricultural research;
- 17 (2) Agriculture extension education (includes 4-H);
- 18 (3) Nonracing horse breeds;
- 19 (4) North Carolina State University Veterinary Teaching Hospital;
- 20 (5) Agricultural program at North Carolina A&T; and
- 21 (6) Other allocations as specified by the General Assembly for any fiscal
22 year.

23 The remaining seventy-five percent (75%) and any other funds not allocated to these
24 programs will be returned to the State Treasurer for deposit in the General Fund.

25 If any allocation of any portion of the net revenues of the Commission pursuant to
26 any provision of this Article cannot be made for any reason (including, without
27 limitation, the legal invalidity of the provision of this Chapter authorizing such
28 allocation, lack of lawful authority by the Commission to make such allocation, the
29 nonexistence of any public body or any public or private institution or organization
30 entitled to receive such allocation, or any other failure to satisfy the condition or the
31 conditions of such allocation), then, in such case, the failure of such allocation shall not
32 impair the validity or effectiveness of any part of this Chapter other than the provisions
33 hereof specifically providing for such allocation, nor shall the failure of such allocation
34 adversely affect any other allocation of net revenues under this Chapter. Any portion of
35 the net revenues of the Commission that, for any reason, cannot be allocated in
36 accordance with the specific provisions of any parts of this Article shall be apportioned
37 among those governmental bodies, institutions, and organizations actually receiving
38 lawful allocations hereunder in proportion to the respective amounts of net revenues
39 which would have been allocated to such governmental bodies, institutions, and
40 organizations if there had been no need to reallocate any net revenues that could not be
41 allocated in accordance with the specific provisions of this Article.

42 **"§ 16A-64. Policy.**

43 It is hereby expressly declared that the primary purpose of this Chapter is to provide
44 a means for permitting and regulating horse racing and pari-mutuel wagering thereon

1 and, further, that it is not a primary purpose of this Chapter to provide funds for the
2 various governmental bodies and public or private institutions and organizations to
3 which allocations or portions of the net revenues of the Commission are made pursuant
4 to this Article. The allocations of such net revenues made pursuant to this Article
5 represent the legislative effort to confer incidental incentives and benefits upon a
6 spectrum of animal, agricultural, governmental, and charitable activities that develop
7 the State's tourism, breeding, and farmland usage.

8 **"§ 16A-65. Prohibited acts.**

9 A licensee may not accept a wager from any person under the age of 18 years; and a
10 licensee may not accept a wager of less than two dollars (\$2.00) from anyone. No one
11 under 18 years of age is allowed to be in the betting area. During day hours there is no
12 minimum age for attendance at a racing facility. During night hours minors ages 12 to
13 17 must be accompanied by an adult, and no person under the age of 12 shall be
14 permitted to attend.

15 **"§ 16A-66. Televised races.**

16 The Commission by rule may permit a Class B licensee to conduct on the premises
17 of the licensed racing facility pari-mutuel wagering on horse races run in this or other
18 states and broadcast by television on the premises. All provisions of law governing
19 pari-mutuel wagering apply to pari-mutuel wagering on televised races except as
20 otherwise provided in this section or in the Commission's rules. Pari-mutuel pools
21 conducted on such televised races may consist only of money wagered on the premises
22 and may not be commingled with any other pool off the premises, except that:

- 23 (1) The licensee may pay a fee to the person or entity conducting the race
24 for the privileges of conducting pari-mutuel wagering on the race;
25 (2) The licensee may pay the cost of transmitting the broadcast of the race;
26 and
27 (3) The licensee's purse takeout may be divided between the sending
28 facility and its purse structure.

29 Pari-mutuel wagering on a televised race may be conducted on a racing day other
30 than a racing day assigned by the Commission. The takeout and taxes on pari-mutuel
31 pools on televised races are as provided for other pari-mutuel pools. All televised races
32 under this section must comply with the Interstate Horse Racing Act of 1978 as found in
33 the United States Code, Title 15, section 3001 and the following relevant sections.
34 Nothing contained in this Chapter shall be construed to authorize or make lawful,
35 wagering or gambling of any kind at any location other than the pari-mutuel facilities
36 licensed by this Commission.

37 **"§ 16A-67. Racing dates.**

38 Any operator's racing license issued under this Chapter shall permit the holder
39 thereof to hold and conduct one or more race meetings each year at the race facility to
40 which such license shall be applicable. Racing may be conducted any six of seven
41 afternoons or nights a week throughout the year, except post or matinee starting times
42 on Sundays shall not be before 1:30 p.m. and not after 6:00 p.m.

43 **"§ 16A-68. Assignment of racing days.**

1 The Commission shall assign racing days to each facility licensee authorized to
2 conduct racing with pari-mutuel wagering and a licensee may conduct matinee and
3 evening racing with pari-mutuel wagering only on a racing day assigned by the
4 Commission. The Commission may assign racing days for up to three years beyond the
5 year in which the assignment is made. The assignments of racing days in any year must
6 be made by July 1 of the previous year, except that days may be assigned after that date
7 to a licensee whose license is issued after that date.

8 **"§ 16A-69. Hearing.**

9 A public hearing is required before the Commission may:

- 10 (1) Make an assignment of racing days;
11 (2) Revise the assignment during the year; or
12 (3) Assign racing days to a licensee whose license is issued after the initial
13 assignment.

14 The Commission may without a hearing assign one additional racing day to a
15 licensee for each originally assigned racing day during the same racing meeting on
16 which racing was not conducted for reasons beyond the licensee's control.

17 **"§ 16A-70. Prohibited assignments.**

18 The Commission may not assign a license for racing days to any facility not in
19 operation at least 10 months out of the year offering horse racing or simulcasting. The
20 Commission may not assign a licensee for county fair racing days; however, all racing
21 facilities must advertise to their patrons county fair events and agricultural products
22 produced in the State.

23 **"§ 16A-71. Rescinding of racing days.**

24 The Commission may, after a public hearing, rescind one or more racing days
25 assigned to a licensee if it determines that the licensee has not met or will not meet the
26 terms of the license. A day or days so rescinded may be reassigned to another licensee.

27 **"§ 16A-72. Powers and duties.**

28 All horse races run at a licensed race facility must be presided over by a board of
29 three stewards, two of whom shall be appointees of the Commission or persons
30 approved by it, and one appointed by the licensee conducting such race meetings. The
31 Commission shall designate one steward as chairman. At least two stewards for all
32 races shall be employees of the Commission and they shall be exempt from the State
33 Personnel Act. The Commission may delegate the following duties and powers to a
34 board of stewards:

- 35 (1) To ensure that races are run in accordance with the Commission's
36 rules;
37 (2) To supervise the conduct of racing to ensure the integrity of the sport;
38 (3) To settle disputes arising from the running of horse races, and to
39 certify official results;
40 (4) To impose on licensees, for violation of law or Commission rules,
41 finer not exceeding five hundred dollars (\$500.00) and license
42 suspensions not exceeding 30 days;
43 (5) To recommend to the Commission where penalties are warranted in
44 excess of those in subdivision (4);

1 (6) To otherwise enforce the laws and rules of racing; and

2 (7) To perform other duties and have other powers assigned by the
 3 Commission.

4 **"§ 16A-73. Appeals; hearings.**

5 A ruling of a board of stewards may be appealed to the Commission or be reviewed
 6 by it on its own initiative. The Commission may provide for appeals to be heard by less
 7 than a quorum of the Commission. A hearing on a penalty imposed by a board of
 8 stewards must be granted on request. A Commission decision with regard to a ruling by
 9 a board of stewards constitutes a final agency decision for purposes of appeal under the
 10 Administrative Procedure Act.

11 **"§ 16A-74. Procedural powers.**

12 A board of stewards has the authority to administer oaths, issue subpoenas, order the
 13 production of documents and other evidence, and regulate the course of hearings before
 14 it, according to the Commission's rules.

15 **"§ 16A-75. Rules.**

16 The Commission may promulgate rules governing the qualifications, appointment,
 17 approval, authority, removal, and compensation of stewards.

18 **"§ 16A-76. Costs.**

19 The Commission may require that a licensee reimburse it for the costs of providing a
 20 State-paid steward or stewards to supervise racing at the licensee's race facility.

21 **"§ 16A-77. Compensation.**

22 The total compensation of stewards who are not employees of the Commission must
 23 be commensurate with the compensation of stewards who are Commission employees.

24 **"ARTICLE 5.**

25 **"JUDICIAL.**

26 **"§ 16A-78. Contracts.**

27 The Commission shall by rule require that all contracts entered into by Class A,
 28 Class B, or Class D licensees for the provision of goods or services, including
 29 concessions contracts, be subject to Commission approval. The Commission may
 30 require a contract holder to submit to it documents and records the Commission deems
 31 necessary to evaluate the contract.

32 **"§ 16A-79. Appeals.**

33 Appeals from a decision of the Commission must be made in the manner prescribed
 34 by the North Carolina Administrative Procedure Act.

35 **"§ 16A-80. Right of inspection.**

36 The Commission and its representatives have the right to inspect the licensed
 37 premises of a licensee and to examine his books and other records at any time without a
 38 search warrant.

39 **"§ 16A-81. Fines.**

40 The Commission shall by rule establish a graduated schedule of civil fines for
 41 violations of laws related to horse racing or of the Commission's rules. The schedule
 42 must include minimum and maximum fines for each violation and be based on and
 43 reflect the culpability, frequency and severity of the violator's actions. The Commission
 44 may impose a fine from this schedule on a licensee for a violation of those rules or laws

1 relating to horse racing. The fine is in addition to any criminal penalty imposed for the
2 same violation. Imposition of a fine is a contested case under the North Carolina
3 Administrative Procedure Act.

4 **"§ 16A-82. Rule-making authority.**

5 The Commission has the authority, in addition to all other rule-making authority
6 granted elsewhere in the North Carolina General Statutes, to promulgate rules
7 governing:

- 8 (1) The conduct of horse races held at licensed race facilities in North
9 Carolina, including but not limited to the rules of racing, standards of
10 entry, operation of claiming races, filing and handling of objections,
11 carrying of weights, and declaration of official results;
- 12 (2) Wire communications between the premises of a licensed race facility
13 and any place outside the premises;
- 14 (3) Information on horse races which is sold on the premises of a licensed
15 race facility;
- 16 (4) Liability insurance which it may require of all Class A, Class B and
17 Class D licensees;
- 18 (5) The auditing of the books and records of a licensee by an auditor
19 employed or appointed by the Commission;
- 20 (6) Emergency action plans maintained by licensed race facilities and their
21 periodic review;
- 22 (7) Safety, security, and sanitation of stabling facilities at licensed race
23 facilities as well as general guidelines regarding off-track stables;
- 24 (8) Entry fees and other funds received by a licensee in the course of
25 conducting racing which the Commission determines must be placed
26 in escrow accounts; and
- 27 (9) Any other aspect of horse racing or pari-mutuel wagering which in its
28 opinion affects the integrity of racing or the public health, welfare, or
29 safety.

30 Rules of the Commission are subject to the North Carolina Administrative Procedure
31 Act.

32 **"§ 16A-83. Illegal wagering.**

33 No person may place or accept a wager as defined elsewhere in the North Carolina
34 General Statutes on or off the premises of a licensed race facility other than a wager
35 made within a licensed pari-mutuel system.

36 **"§ 16A-84. Off-track wagers.**

37 No person may, as part of an organized commercial activity, place or accept a wager
38 off the premises of a licensed race facility for delivery to a licensed race facility.

39 **"§ 16A-85. Transmission of racing information prohibited.**

40 With the exception of television or radio coverage of races authorized in accordance
41 with G.S. 16A-66, it shall be unlawful for any person to transmit or communicate to
42 another by any means whatsoever the results, changing odds, track conditions, or other
43 information relating to any horse race from any race facility in this State between the
44 period of time beginning one hour prior to the first race of the day and ending 30

1 minutes after the posting of the official results of each race, as to that particular race,
2 except this period may be reduced to permit the transmitting of the result of the last race
3 each day not sooner than 15 minutes after the official posting of such results; provided,
4 however, that the Commission may by rule permit the immediate transmission by radio,
5 television (other than television or radio coverage pursuant to G.S. 16A-66), or press
6 wire of any pertinent information concerning special or feature races.

7 It shall be unlawful for any person to transmit by any means whatsoever racing
8 information to any other person or relay the same to any other person by word of mouth,
9 by signal, or by use of telephone, telegraph, radio or any other means when the
10 information is knowingly used or intended to be used for illegal gambling purposes or in
11 furtherance of such gambling purposes.

12 **"§ 16A-86. Influencing races.**

13 No persons may influence or attempt to influence a horse race by:

- 14 (1) Making threats;
- 15 (2) Offering anything of value to a person involved in the conduct of a
16 race in return for that person's committing an illegal act or failing to
17 perform a duty; or
- 18 (3) Conspiring with or seeking or having an understanding or agreement
19 with a person involved in the conduct of a race to commit an illegal act
20 or to fail to perform a duty.

21 **"§ 16A-87. Tampering with horses.**

22 No person may:

- 23 (1) On the premises of a licensed race facility, use, have in his possession
24 with intent to use, or knowingly assist another person in using a
25 battery or buzzer, electrical or mechanical, or other device or
26 appliance, which can be used to affect a horse's racing condition or
27 performance, other than an ordinary whip for a horse;
- 28 (2) Affect or attempt to affect the racing condition or performance of a
29 horse at a race or workout through the use of a drug or medication in
30 violation of the Commission's rules;
- 31 (3) Use any method, injurious or otherwise to affect a horse's racing
32 condition or performance at a race or workout in violation of the
33 Commission's rules;
- 34 (4) Knowingly enter or cause to be entered in a race any horse under an
35 assumed name or out of its proper grade or class;
- 36 (5) Change the name of any horse for the purpose of entry in a race after
37 the horse has once raced except as provided by the operator's rules
38 under which the contest is advertised to be run; or
- 39 (6) Knowingly misrepresent or fraudulently conceal the public
40 performance in any former race of any horse that is proposed to be
41 entered in a race, whether the horse is actually entered or not.

42 **"§ 16A-88. False time by official timer.**

1 No official timer at any race shall announce willfully and falsely a slower or faster
2 time than that actually run by a horse when the result of that race is to constitute a
3 record.

4 **"§ 16A-89. Determination of class.**

5 The grade or class to which a horse belongs for the purpose of an entry in any race
6 shall be determined by the public performance of that horse in any former race, except
7 as provided by the operator's rules under which the proposed race is advertised to be
8 run.

9 **"§ 16A-90. Reporting of information.**

10 A person licensed by the Commission who has information regarding a violation of
11 any provision of this Chapter must report that information promptly to the Commission
12 or an agent of the Commission.

13 **"§ 16A-91. False statement.**

14 No person may knowingly make a false statement in a document or application
15 required to be submitted to the Commission or in a sworn statement to or testimony
16 before the Commission.

17 **"§ 16A-92. Altered tickets.**

18 No person may knowingly offer for payment any pari-mutuel ticket which has been
19 altered or any counterfeit or forged pari-mutuel ticket.

20 **"§ 16A-93. Conducting race without license.**

21 Any person who directly or indirectly holds any horse race without having procured
22 a license as prescribed in this Chapter shall be guilty of a misdemeanor. Any person
23 wagering upon the results of such a race, except in the case of pari-mutuel wagering
24 conducted by an operator in accordance with the provisions of this Chapter, shall be
25 guilty of a misdemeanor.

26 **"§ 16A-94. Misuse of license.**

27 Any credential, license or permit issued by the Commission, if used by the holder
28 thereof for a purpose other than identification and in the performance of legitimate
29 duties on a race facility, shall be automatically revoked whether so used on or off a race
30 facility.

31 **"§ 16A-94.1. Class G felonies.**

32 A violation of G.S. 16A-86 or G.S. 16A-87 is a Class G felony, in addition to any
33 civil penalty which may be imposed pursuant to this Article.

34 **"§ 16A-95. Class H felonies.**

35 A violation of the prohibition contained in G.S. 16A-84 or a violation of G.S. 16A-
36 92 is a Class H felony, in addition to any civil penalty which may be imposed pursuant
37 to this Article.

38 **"§ 16A-96. Class I felonies.**

39 A violation of G.S. 16A-90 or G.S. 16A-91 is a Class I felony, in addition to any
40 civil penalty which may be imposed pursuant to this Article.

41 **"§ 16A-97. Misdemeanors.**

42 A violation of any other provision of this Chapter or North Carolina General Statutes
43 relating to this Chapter, or of a rule or order of the Commission for which another

1 penalty is not provided is a misdemeanor, in addition to any civil penalty which may be
2 imposed pursuant to this Chapter.

3 **"§ 16A-98. Persons excluded.**

4 The Commission may exclude from any and all licensed race facilities in the State a
5 person who:

- 6 (1) Has been convicted of a felony under the laws of any state or the
7 United States;
- 8 (2) Has had a license suspended, revoked, or denied by the Commission or
9 by the racing authority of any other jurisdiction; or
- 10 (3) Is determined by the Commission, on the basis of evidence presented
11 to it, to be a threat to the integrity of racing in North Carolina.

12 **"§ 16A-99. Disqualification due to gambling activities.**

13 No person who engages in the practice of professional gambling on horse races, or
14 in the practice of making gambling or wagering books on such races, or who knowingly
15 takes any part in such practice, shall be eligible as an applicant for any license or permit
16 to own or operate a race facility or conduct racing activities under the provisions of this
17 Chapter, or to be connected therewith in any capacity; and any corporation, partnership
18 or other entity which has an officer, director, stockholder, partner or executive or who
19 employs any person who engages in such practices shall likewise be ineligible as a
20 licensee; and the Commission is hereby empowered to inquire into such matters in
21 entertaining any such application and otherwise in administering this Chapter.

22 **"§ 16A-100. Appeal; hearing.**

23 An order to exclude a person from any or all licensed race facilities in the State must
24 be made by the Commission at a public hearing of which the person to be excluded
25 must have at least 15 days' notice. If the person is present at the hearing, the person
26 must be permitted to show cause why the person should not be excluded. An appeal of
27 the order may be made in the same manner as other appeals under G.S. 16A-79.

28 **"§ 16A-101. Notice to race facilities.**

29 Upon issuing an order excluding a person from any or all licensed race facilities, the
30 Commission shall send a copy of the order to the excluded person and to all race
31 facilities named in it, along with other information as it deems necessary to permit
32 compliance with the order.

33 **"§ 16A-102. Prohibitions.**

34 It is a misdemeanor for a person named in an exclusion order to enter, attempt to
35 enter, or be on the premises of a race facility named in the order while it is in effect, and
36 for a person licensed to conduct racing or operate a race facility knowingly to permit an
37 excluded person to enter or be on the premises.

38 **"§ 16A-103. Exclusions by race facility.**

39 The holder of a license to conduct racing may eject and exclude from its premises
40 any licensee or any other person who is in violation of any State law or Commission
41 rule or order or who is a threat to racing integrity or the public safety. A person so
42 excluded from a race facility premises may appeal his exclusion to the Commission and
43 must be given a public hearing on his appeal if the person so requests. At the hearing
44 the person must be given the opportunity to show cause why the person should not be so

1 excluded. If the Commission after the hearing finds that the integrity of racing and the
2 public safety do not justify the exclusion, it shall order the race facility making the
3 exclusion to reinstate or readmit the person. An appeal of a Commission order
4 upholding the exclusion is governed by G.S. 16A-79.

5 **"ARTICLE 6.**

6 **"MISCELLANEOUS.**

7 **"§ 16A-104. Medication.**

8 The Commission shall make and enforce rules governing medication and medical
9 testing for horses running at licensed race facilities. The rules must provide which, if
10 any, medication, as the Commission defines that term by rule, may be administered to a
11 horse within a specified number of hours of a race before it runs at a licensed race
12 facility. The Commission shall by rule establish the qualifications for on- and off-
13 premise laboratories used by it as testing laboratories to enforce its rules under this
14 section.

15 **"§ 16A-105. Possession of certain drugs prohibited.**

16 The possession or transportation of any drug or chemical except those permitted by
17 regulations of the Commission within the racing enclosure is prohibited except upon a
18 bona fide veterinarian's prescription with complete statement of uses and purposes on
19 the container. A copy of such prescription shall be filed with the stewards. The
20 Commission may allow medical emergency exceptions.

21 **"§ 16A-106. Advisory committee.**

22 The Commission may establish an advisory committee to advise it on medication
23 under this section, provided that the members of an advisory committee shall serve
24 without compensation.

25 **"§ 16A-107. Financial interest.**

26 No person may serve on the Commission or be employed by it who has an interest in
27 any corporation, association, or partnership which holds a license from the Commission
28 or which holds a contract to supply goods or services to a licensee or at a licensed race
29 facility, including concessions contracts. No member or employee of the Commission
30 may own wholly, or in part, or have an interest in a horse which races at a licensed race
31 facility in North Carolina. No member or employee of the Commission may have a
32 financial interest in or be employed in a profession or business which conflicts with the
33 performance of his duties as a member or employee.

34 **"§ 16A-108. Wagering.**

35 No member or employee of the Commission may wager or cause a wager to be
36 made on a race at a licensed race facility while serving on or being employed by the
37 Commission. No person appointed or approved by the Commission as a steward may
38 wager or cause a wager to be made at a licensed race facility during a racing meeting at
39 which that person is serving as a steward. The Commission shall by rule prescribe such
40 restrictions on wagering by its licensees as it deems necessary to protect the integrity of
41 racing.

42 **"§ 16A-109. Violation.**

43 A violation of G.S. 16A-107 or G.S. 16A-108 is grounds for removal from the
44 Commission or termination of employment. A wager made directly or indirectly by a

1 licensee in violation of a rule made by the Commission under G.S. 16A-108 is grounds
2 for suspension or revocation of the license.

3 **"§ 16A-110. Required races.**

4 By rule the Commission may set the number of required races. Each holder of a
5 Class B license must declare and schedule, on each racing day it conducts, at least one
6 race which:

7 (1) Before January 1, 1997, is limited to horses which are North Carolina-
8 bred, North Carolina-foaled, North Carolina-trained, or North
9 Carolina-owned, and

10 (2) On and after January 1, 1997, is limited to horses which are North
11 Carolina-bred or North Carolina-foaled and which are North Carolina-
12 trained.

13 If there is not a sufficient number of such horses entered in the declared race to make
14 up an adequate slate of entries, another race may be substituted. For horses the
15 Commission shall by rule define 'North Carolina-foaled,' 'North Carolina-owned,' and
16 'North Carolina-trained.'

17 **"§ 16A-111. Provisions of this Chapter control.**

18 Insofar as the provisions of this Chapter may be inconsistent with the provisions of
19 any other law concerning activities and actions authorized by this Chapter, including but
20 not limited to Chapters 14 and 16 of the General Statutes, the provisions of this Chapter
21 shall control, it being specifically declared that any other provisions of existing law,
22 ordinance, or regulation that prohibit or regulate horse racing, admissions, gambling or
23 pari-mutuel wagering shall not be applicable to any activities or actions authorized by
24 this Chapter."

25 Sec. 2. G.S. 14-289 reads as rewritten:

26 **"§ 14-289. Advertising lotteries.**

27 Except in connection with a lawful raffle as provided in Part 2 of this Article, if
28 anyone by writing or printing or by circular or letter or in any other way, advertise or
29 publish an account of a lottery, whether within or without this State, stating how, when
30 or where the same is to be or has been drawn, or what are the prizes therein or any of
31 them, or the price of a ticket or any share or interest therein, or where or how it may be
32 obtained, he shall be guilty of a misdemeanor. As used in this Article, the word 'lottery'
33 does not include pari-mutuel wagering conducted in accordance with the provisions of
34 Chapter 16A of the General Statutes."

35 Sec. 3. G.S. 14-292 reads as rewritten:

36 **"§ 14-292. Gambling.**

37 Except as provided in Part 2 of this Article, any person or organization that operates
38 any game of chance or any person who plays at or bets on any game of chance, other
39 than pari-mutuel wagering conducted in accordance with the provisions of Chapter 16A
40 of the General Statutes, at which any money, property or other thing of value is bet,
41 whether the same be in stake or not, shall be guilty of a misdemeanor.

42 Sec. 4. There is appropriated from the General Fund to the North Carolina
43 Racing Commission the sum of \$150,000 for fiscal year 1991-92 to provide initial start-

1 up funds for the Commission. This appropriation shall be repaid to the General Fund
2 out of the proceeds collected under the provisions of this Chapter.

3 Sec. 5. It is the intent of this act that the Commission shall be a self-
4 supporting agency of State government located in the Department of Commerce. No
5 appropriations, loans, or other transfer of State funds shall be made to the Commission
6 except for appropriations for initial start-up costs of the Commission as provided by this
7 act. Any other appropriation, loan, or transfer of State funds to any other entity for the
8 purposes of horse racing with pari-mutuel wagering is prohibited.

9 Sec. 5.1. G.S. 120-123 is amended by adding a new subdivision to read:

10 "(52) The North Carolina Racing Commission as established by G.S. 16A-
11 4."

12 Sec. 6. G.S. 147-69.2(a) is amended by adding a new subdivision to read:

13 "(21) The North Carolina Racing Commission."

14 Sec. 7. G.S. 18B-1001 reads as rewritten:

15 **"§ 18B-1001. Kinds of ABC permits; places eligible.**

16 When the issuance of the permit is lawful in the jurisdiction in which the premises is
17 located, the Commission may issue the following kinds of permits:

- 18 (1) On-Premises Malt Beverage Permit. – An on-premises malt beverage
19 permit authorizes the retail sale of malt beverages for consumption on
20 the premises and the retail of sale of malt beverages in the
21 manufacturer's original container for consumption off the premises.
22 The permit may be issued for any of the following:
23 a. Restaurants;
24 b. Hotels;
25 c. Eating establishments;
26 d. Food businesses;
27 e. Retail businesses;
28 f. Private clubs;
29 g. Convention centers;
30 h. Community theatres.
31 i. Licensed race facility authorized by Chapter 16A of the General
32 Statutes.

33 The permit may also be issued to certain breweries as authorized by
34 G.S. 18B-1104(7).

- 35 (2) Off-premises Malt Beverage Permit. – An off-premises malt beverage
36 permit authorizes the retail sale of malt beverages in the
37 manufacturer's original container for consumption off the premises.
38 The permit may be issued for any of the following:
39 a. Restaurants;
40 b. Hotels;
41 c. Eating establishments;
42 d. Food businesses;
43 e. Retail businesses.

- 1 (3) On-Premises Unfortified Wine Permit. – An on-premises unfortified
2 wine permit authorizes the retail sale of unfortified wine for
3 consumption on the premises, either alone or mixed with other
4 beverages, and the retail sale of unfortified wine in the manufacturer's
5 original container for consumption off the premises. The permit may
6 be issued for any of the following:
- 7 a. Restaurants;
 - 8 b. Hotels;
 - 9 c. Eating establishments;
 - 10 d. Private clubs;
 - 11 e. Convention centers;
 - 12 f. Cooking schools;
 - 13 g. Community theatres;
 - 14 h. ~~Winery.~~ Winery;
 - 15 i. Licensed race facility authorized by Chapter 16A of the General
16 Statutes.
- 17 (4) Off-Premises Unfortified Wine Permit. – An off-premises unfortified
18 wine permit authorizes the retail sale of unfortified wine in the
19 manufacturer's original container for consumption off the premises.
20 The permit may be issued for retail businesses. The permit may also be
21 issued for a winery for sale of its own unfortified wine.
- 22 (5) On-Premises Fortified Wine Permit. – An on-premises fortified wine
23 permit authorizes the retail sale of fortified wine for consumption on
24 the premises, either alone or mixed with other beverages, and the retail
25 sale of fortified wine in the manufacturer's original container for
26 consumption off the premises. The permit may be issued for any of the
27 following:
- 28 a. Restaurants;
 - 29 b. Hotels;
 - 30 c. Private clubs;
 - 31 d. Community theatres;
 - 32 e. ~~Winery.~~ Winery;
 - 33 f. Licensed race facility authorized by Chapter 16A of the General
34 Statutes.
- 35 (6) Off-premises Fortified Wine Permit. – An off-premises fortified wine
36 permit shall authorize the retail sale of fortified wine in the
37 manufacturer's original container for consumption off the premises.
38 The permit may be issued for food businesses. The permit may also be
39 issued for a winery for sale of its own fortified wine.
- 40 (7) Brown-bagging Permit. – A brown-bagging permit authorizes each
41 individual patron of an establishment, with the permission of the
42 permittee, to bring up to four liters of fortified wine or spirituous
43 liquor, or four liters of the two combined, onto the premises and to

- 1 consume those alcoholic beverages on the premises. The permit may
2 be issued for any of the following:
- 3 a. Restaurants;
 - 4 b. Hotels;
 - 5 c. Private clubs;
 - 6 d. Community theaters;
 - 7 e. Congressionally-chartered veterans organizations.
- 8 (8) Special Occasion Permit. – A special occasion permit authorizes the
9 host of a reception, party or other special occasion, with the permission
10 of the permittee, to bring fortified wine and spirituous liquor onto the
11 premises of the business and to serve the same to his guests. The
12 permit may be issued for any of the following:
- 13 a. Restaurants;
 - 14 b. Hotels;
 - 15 c. Eating establishments;
 - 16 d. Private clubs;
 - 17 e. ~~Convention eenters.~~–centers;
 - 18 f. Licensed race facility authorized by Chapter 16A of the General
19 Statutes.
- 20 (9) Limited Special Occasion Permit. – A limited special occasion permit
21 authorizes the permittee to bring fortified wine and spirituous liquor
22 onto the premises of a business, with the permission of the owner of
23 that property, and to serve those alcoholic beverages to the permittee's
24 guests at a reception, party, or other special occasion being held there.
25 The permit may be issued to any individual other than the owner or
26 possessor of the premises. An applicant for a limited special occasion
27 permit shall have the written permission of the owner or possessor of
28 the property on which the special occasion is to be held.
- 29 (10) Mixed Beverages Permit. – A mixed beverages permit authorizes the
30 retail sale of mixed beverages for consumption on the premises. The
31 permit also authorizes a mixed beverages permittee to obtain a
32 purchase-transportation permit under G.S. 18B-403 and 18B-404, and
33 to use for culinary purposes spirituous liquor lawfully purchased for
34 use in mixed beverages. The permit may be issued for any of the
35 following:
- 36 a. Restaurants;
 - 37 b. Hotels;
 - 38 c. Private clubs;
 - 39 d. Convention centers;
 - 40 e. Community theatres;
 - 41 f. ~~Nonprofit and political organizations.~~–organizations;
 - 42 g. Licensed race facility authorized by Chapter 16A of the General
43 Statutes.

1 (11) Culinary Permit. – A culinary permit authorizes a permittee to possess
2 up to 12 liters of either fortified wine or spirituous liquor, or 12 liters
3 of the two combined, in the kitchen of a business and to use those
4 alcoholic beverages for culinary purposes. The permit may be issued
5 for either of the following:

- 6 a. Restaurants;
7 b. Hotels.
8 c. Cooking schools.

9 A culinary permit may also be issued to a catering service to allow
10 the possession of the amount of fortified wine and spirituous liquor
11 stated above at the business location of that service and at the cooking
12 site. The permit shall also authorize the caterer to transport those
13 alcoholic beverages to and from the business location and the cooking
14 site, and use them in cooking."

15 Sec. 8. If approved by the qualified voters of the State of North Carolina,
16 Sections 1 through 7 of this act shall become effective on the first day of the second
17 month following the election. The question of approval of this act shall be submitted to
18 the qualified voters of the State of North Carolina at an election held on November 5,
19 1991.

20 The referendum shall be held in accordance with the provisions of Chapter
21 163 of the General Statutes, and the form of the ballot shall be:

22 "[] FOR approval of an act establishing horse racing and a State Racing
23 Commission.

24 [] AGAINST approval of an act establishing horse racing and
25 a State Racing Commission."

26 If less than a majority of the votes are cast in favor of the approval of this act,
27 it shall have no force or effect.

28 Sec. 9. Sections 8 and 9 of this act are effective upon ratification.