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REPORT OF THE LICENSES, FEES, INSURANCE TAX & OTHER CHARGES SUBCOMMITTEE

(Rutherford, Dillard, Gagnon, & Huggins - Staff Contact: Stephanie Meetze)

HOUSE BILL 4161

H. 4161 -- Rep. Bannister: A BILL TO AMEND SECTION 12-21-2710, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO TYPES OF GAMING MACHINES PROHIBITED BY LAW, SO AS TO PROVIDE THAT THE PROHIBITION DOES NOT APPLY TO CERTAIN ITEMS THAT ARE DESIGNATED FOR USE IN OUT-OF-STATE JURISDICTIONS; AND TO AMEND SECTION 16-19-50, RELATING TO THE KEEPING OF UNLAWFUL GAMING TABLES, SO AS TO PROVIDE THAT THE PROHIBITION DOES NOT APPLY TO CERTAIN ITEMS THAT ARE DESIGNATED FOR USE IN OUT OF STATE JURISDICTIONS.

Received by Ways and Means: 4/6/2021

Summary of Bill: This bill will add language to Section 12-21-2710 and 16-19-50 Code of Laws that would allow allow the production, manufacturing and keeping of gaming machines and/or equipment that are designated for the use in out-of-state jurisdictions.

Estimated Revenue Impact: N/A

Other Notes/Comments: Passed Favorably out of Licenses, Fes and Other Taxes Legislative Subcommittee



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: H. 4161 Introduced on April 6, 2021
Author: Bannister
Subject: Gaming machines and tables, prohibited
Requestor: House Ways and Means
RFA Analyst(s): Gallagher and Gardner
Impact Date: May 6, 2021

Fiscal Impact Summary

This bill amends Section 12-21-2710 and Section 16-19-50 to provide that the prohibition of certain gambling devices and gaming tables, respectively, does not include devices and tables designated for use in out of state jurisdictions. Any entity in violation of the restrictions on gambling devices or tables is guilty of a misdemeanor and, following conviction, fined up to \$500 and/or imprisoned up to one year. This bill may result in a reduction in court cases if seized machines are currently being manufactured with the intent to distribute them to out of state jurisdictions and these distributors are being found guilty of a misdemeanor. The Judicial Department has indicated that any decreases in expenditures from a reduction in court cases are likely to be minimal.

This bill may result in reduced fines if seized machines are being manufactured with the intent to distribute them to out of state jurisdictions. However, as data pertaining to the number of cases resulting from illegal gambling machines being manufactured with the intent to distribute them to out of state jurisdictions is not available, the revenue impact from this bill is undetermined.

Explanation of Fiscal Impact

Introduced on April 6, 2021

State Expenditure

Pursuant to Section 12-21-2710, the following gambling devices are prohibited from being kept or operated on premises within the state:

- any vending, slot, or video game machine with a free play feature that is operated by inserting a coin or thing of value,
- any other device operated by a coin or thing of value for playing poker, blackjack, keno, lotto, bingo, or craps,
- any coin-operated devices or machines which are licensed pursuant to Section 12-21-2720 and are used for gambling, and
- any punch board, pull board, or other device pertaining to games of chance which deposit tokens or coins at regular or varying intervals to the player or in the machine.

Further, pursuant to Section 16-19-50, gaming tables used for gambling purposes, except for the games of billiards, bowls, chess, draughts, and backgammon, are also prohibited within the state.

This bill amends these sections by providing that the prohibition of these gambling devices and gaming tables does not include equipment and tables designated for use in out of state jurisdictions. Therefore, under this bill, entities would be permitted to manufacture these devices in the state and export them to out of state jurisdictions.

Based on discussions with SLED, any gaming machine devices or tables that fulfill the requirements enumerated in Section 12-21-2710 and 16-19-50, regardless of operability or intent to distribute, are seized by the agency. Any entity in violation of the restrictions on gambling devices or tables is guilty of a misdemeanor and, following conviction, fined up to \$500 and/or imprisoned up to one year. SLED seized 224 illegal gambling machines in 2018, 219 in 2019, and 152 in 2020.

This bill may result in a reduction in court cases if seized machines are being manufactured with the intent to distribute them to out of state jurisdictions and these distributors are being found guilty of a misdemeanor. The Judicial Department has indicated that any decreases in expenditures from a reduction in court cases are likely to be minimal.

State Revenue

This bill amends Section 12-21-2710 and Section 16-19-50 to provide that the prohibition of certain gambling devices and gaming tables, respectively, does not include devices and tables designated for use in out of state jurisdictions. Based on discussions with SLED, any gaming machine devices or tables that fulfill the requirements enumerated in Section 12-21-2710 and 16-19-50, regardless of operability or intent to distribute, are seized by the agency. Any entity in violation of the restrictions on gambling devices or tables is guilty of a misdemeanor and, following conviction, fined up to \$500 and/or imprisoned up to one year.

The Judicial Department provided the following information pertaining to the number of cases, total fines, and actual revenue collected from those fines following illegal gambling machine seizures by SLED:

Year	Cases	Fines	Actual Collections
2018	121	\$18,992	\$5,273
2019	55	\$1,387	\$60
2020	35	\$5,325	\$2,325
Total	211	\$25,704	\$7,658

This bill may result in reduced fines if seized machines are being manufactured with the intent to distribute them to out of state jurisdictions. However, as data pertaining to the number of cases resulting from illegal gambling machines being manufactured with the intent to distribute them to out of state jurisdictions are not available, the revenue impact from this bill is undetermined.

Local Expenditure & Revenue

N/A



Frank A. Rainwater, Executive Director

South Carolina General Assembly
124th Session, 2021-2022

H. 4161

STATUS INFORMATION

General Bill

Sponsors: Rep. Bannister

Document Path: I:\council\bill\ncd\11202dg21.docx

Introduced in the House on April 6, 2021

Currently residing in the House Committee on **Ways and Means**

Summary: Gaming machines and tables, prohitied

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
4/6/2021	House	Introduced and read first time (<u>House Journal-page 121</u>)
4/6/2021	House	Referred to Committee on Ways and Means (<u>House Journal-page 121</u>)

View the latest legislative information at the website

VERSIONS OF THIS BILL

4/6/2021

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A BILL

TO AMEND SECTION 12-21-2710, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO TYPES OF GAMING MACHINES PROHIBITED BY LAW, SO AS TO PROVIDE THAT THE PROHIBITION DOES NOT APPLY TO CERTAIN ITEMS THAT ARE DESIGNATED FOR USE IN OUT-OF-STATE JURISDICTIONS; AND TO AMEND SECTION 16-19-50, RELATING TO THE KEEPING OF UNLAWFUL GAMING TABLES, SO AS TO PROVIDE THAT THE PROHIBITION DOES NOT APPLY TO CERTAIN ITEMS THAT ARE DESIGNATED FOR USE IN OUT OF STATE JURISDICTIONS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 12-21-2710 of the 1976 Code is amended by adding an undesignated paragraph at the end to read:

“This section does not apply to the development, manufacture, processing, selling, possessing, provision of technical aid, or transporting of any printed materials, gaming equipment, devices, or other materials, software, or hardware used or designated for use in out of state jurisdictions. This section may not be construed so as to prohibit communications between persons in this State and persons involved with such legal lotteries or gaming devices relative to such printed materials, equipment, devices, or other materials, software, or hardware.”

SECTION 2. Section 16-19-50 of the 1976 Code is amended by adding an undesignated paragraph at the end to read:

1 "This section does not apply to the development, manufacture,
2 processing, selling, possessing, provision of technical aid, or
3 transporting of any printed materials, gaming equipment, devices,
4 or other materials, software, or hardware used or designated for use
5 in out of state jurisdictions. This section may not be construed so as
6 to prohibit communications between persons in this State and
7 persons involved with such legal lotteries or gaming devices relative
8 to such printed materials, equipment, devices, or other materials,
9 software, or hardware."

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11 SECTION 3. This act takes effect upon approval by the Governor.

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