

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 19 (Fourth Edition)

SHORT TITLE: Gambling Boats Regulated

SPONSOR(S): Representative Redwine

FISCAL IMPACT

Yes () No () No Estimate Available (X)

FY 1999-00 FY 2000-01 FY 2001-02 FY 2002-03 FY 2003-04

REVENUES

EXPENDITURES

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Department of Revenue; Alcoholic Beverage Control Commission

EFFECTIVE DATE: Sections 2 through 8 of this act are effective on the first day of the third calendar month after this act becomes law. All other sections are effective when the bill becomes law.

BILL SUMMARY:

The bill prohibits in North Carolina those casino equipped boats that take gambling cruises to nowhere in the Atlantic Ocean. Ships that embark passengers in North Carolina for “gambling boat voyages” to contiguous states must pay a privilege tax of \$6 per passenger, obtain a \$10,000 ABC license if it has a home port in the state, and withhold 7% of winnings from North Carolina residents. When traveling outside North Carolina’s three-mile criminal jurisdictional limit, HB 19 requires a casino boat to make an intervening stop in another state or country for 6 hours and allow its passengers to disembark or country and embark passengers in North Carolina ports.

ASSUMPTIONS AND METHODOLOGY:

There are no casino boats based in North Carolina nor are there casino boats in the contiguous states of Virginia and South Carolina that embark passengers in North Carolina for gambling boat voyages. There are two small cruise lines that have scheduled stops in North Carolina, but these ships do not offer gambling. Although North Carolina is visited infrequently by the major cruise lines that have casino operations onboard, these vessels are exempt from tax because they do not have home ports in the state and do not arrange cruises to contiguous states.

Market information is not readily available to estimate the potential for gambling boat voyages in North Carolina. Major cruise lines are offering gambling trips to nowhere in Virginia and South Carolina, but have not chosen to schedule such voyages in North Carolina. It is uncertain how prospective gambling boat operators will react to the restrictions and taxes imposed in HB 19.

Fiscal Research talked to the owner of the Stardancer, one of two casino boats based in Little River, South Carolina, and found that the owner had no intention of expanding his business into North Carolina. Furthermore, the intervening stop requirements of HB 19 may make travel to North Carolina impracticable and less profitable. The Stardancer casino boat has a cruise time of five hours (1 hour to reach the 3-mile limit, 3 hours to gamble, and 1 hour to return) and makes two trips a day. The six-hour intervening stop requirement would prohibit the Stardancer casino boat from making two daily trips and would increase costs due to additional staff hours spent on board.

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