

**TOWN OF BLACK MOUNTAIN BOARD OF ALDERMEN
REQUEST FOR BOARD ACTION**

Meeting Date: May 10, 2010

SUBJECT: Proposed addition to the Business Privilege License Fee Schedule to include Electronic Gaming Operations.

AGENDA INFORMATION

Agenda Location: New Business
Item Number: 8-A
Department: Planning and Development Services Department
Contact: Elizabeth Teague, Planning & Development Services Director
Presenter: Jennifer Tipton, Permits Clerk

BRIEF SUMMARY: Electronic gaming devices that run internet-based gambling are appearing in Black Mountain at local convenience stores and other businesses. While gambling machines with on-site payouts have been largely prohibited by State statute, the new operations take advantage of legal loopholes by utilizing internet-based games and pay-outs in the form of phone cards. Creating a category, definition and privilege license fee within our own ordinance gives the Town the ability to regulate these uses and to generate additional permit fee revenue within the General Fund.

After researching fees and guidelines being implemented in other jurisdictions, staff recommends a \$2,000 annual fee for each location plus a \$500 fee per machine. At their meeting of April 26, the Planning Board recommended that this use be treated as an "Amusement" within the Land Use Code, which would limit these uses to the town's Highway Business District and the two Industrial Districts. The Planning Board also unanimously supported an amendment to the Privilege License Fee Schedule per staff recommendation.

The NC General Assembly is presently considering four different bills that would regulate electronic gaming on a statewide basis. Three of the four bills would return a portion of the revenue generated to municipalities, but in far lower amounts than what is likely to be generated by the local privilege license fees. Gaining the most momentum is a bill calling for an annual license fee of \$5,000 per location (to be retained by the state) and \$250 per machine (to be returned to local jurisdictions minus a 4% administrative fee).

MOTION FOR CONSIDERATION: To adopt the proposed ordinance establishing a fee schedule and definition for Electronic Gaming Operations as presented by staff and recommended by the Planning Board.

FUNDING SOURCE: N/A

ATTACHMENTS: 1) Proposed Ordinance; 2) Examples of fees adopted by other NC municipalities; 3) Update on legislative action regarding gaming machines

MANAGER’S COMMENTS AND RECOMMENDATIONS: Of the six known locations with machines in our jurisdiction so far, this amendment to our Business Privilege License regulations is estimated to generate approximately \$25,000 in privilege license revenue for the General Fund in the coming year at the rate proposed by staff. Proposed fees are in keeping with fees which have been adopted by other NC jurisdictions. The board may wish to consider matching fees to one of the state proposals, as revenue to the Town would be even greater, and would not represent a significant change to the business owner if the General Assembly subsequently decides to regulate on a statewide basis.

The current inventory of known locations and electronic gaming machines in Black Mountain is as follows:

Location	# Machines	Annual Revenue Staff Fee Proposal \$2,000/\$500	*Annual Revenue State Fee Proposal \$5,000/\$250
Blue Ridge Mini-Mart	2	\$3,000	\$5,500
Burton’s	3	\$3,500	\$5,750
Exxon	3	\$3,500	\$5,750
Shovelhead Saloon	2	\$3,000	\$5,500
Time Out (US70 & Ridgeway)	8	\$6,000	\$7,000
Time Out (US70 East)	8	\$6,000	\$7,000
TOTAL	26	\$25,000	\$36,500

* If the state implements this fee as the bill has been introduced, the state would retain \$30,000 in annual license fees and 4% (or \$260) of the machine revenues, returning approximately \$6,240 in revenue to the town.

Manager recommends adoption.