

SC INFORMATION LETTER #95-3 (TAX)

SUBJECT: ADMINISTRATIVE PRONOUNCEMENT
Coin-Operated Device Licenses

DATE: March 16, 1995

SUPERSEDES: All previous documents and any oral directives in conflict herewith.

REFERENCE: S. C. Code Ann. Section 12-21-2703 et. al. (1993)
S. C. Code Ann. Section 12-21-2770 et. al. (1993)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (Supp. 1993)
SC Revenue Procedure #94-1

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**NOTICE TO ALL OWNERS AND OPERATORS OF VIDEO
GAMING MACHINES AND OTHER COIN-OPERATED
MACHINES**

Recently, the South Carolina Supreme Court held that a machine known as a "Lucky 8 Line" is illegal in South Carolina.

In describing what is commonly called a "slot machine", the Court said:

... Lucky 8 Line is a coin-operated machine with a video display designed to simulate a slot machine. The player inserts money and presses a button. A computer program causes the screens to roll and randomly stop, displaying words and symbols. Certain combinations of symbols earn the player an additional turn. The player has absolutely no control over the combination of words or symbols appearing on the video screen.

Many owners and operators of video game machines have asked whether or not they can receive a refund for the "unused" portion of the license fee or whether or not they may transfer a machine license from an illegal machine to a legal machine.

Code Section 12-21-2724 prohibits the refunding of any machine license fee when the possession or operation of the machine has been determined to be illegal.

In addition, the Department has consistently held that machine licenses may not be transferred from one machine to another machine. This position was announced in the Department's first publication on video game machines, "A GUIDE TO CONDUCTING VIDEO GAMING ESTABLISHMENTS IN SOUTH CAROLINA", in the summer of 1993. In 1994 the Department restated this position in SC Information Letter #94-12.

If you have any questions concerning this matter and other video game machine issues, please contact one of the following Department of Revenue Taxpayer Service Centers:

Aiken	(803) 641-7685	Greenville	(803) 241-1200
Beaufort	(803) 524-2852	Myrtle Beach	(803) 293-6550
Charleston	(803) 852-3600	Rock Hill	(803) 324-7641
Columbia	(803) 737-4602	Spartanburg	(803) 594-4900
Florence	(803) 661-4850		