

ORDINANCE

WHEREAS, The City Council finds that terminal operators licensed under the Illinois Video Gaming Act and authorized to operate within the City of Chicago and that promoting supplier diversity and social accountability in the video gaming industry serves a compelling municipal interest; and

WHEREAS, The City Council further finds that traditional supplier diversity frameworks based solely on third-party procurement expenditures may not fully capture the economic activity of terminal operators, whose participation in the regulated video gaming market is primarily reflected through net terminal income generated from gaming operations; and

WHEREAS, In light of the City's policy to maximize opportunities for Minority-owned Business Enterprises, Women-owned Business Enterprises, Veteran-owned Business Enterprises, and City residents to compete for contracts, jobs, and other economic opportunities, where possible, the City seeks to encourage greater participation by such enterprises and residents in the ownership, operation, placement, installation, servicing, maintenance, repair, financing, financial services, professional services, marketing, compliance, technology, logistics, and other business opportunities associated with video gaming terminals within the City; and

WHEREAS, The City Council further finds that Illinois gaming law has recognized the need for broader, activity-based measures of participation, including the use of "total work performed" as a denominator for supplier diversity reporting under the Illinois Sports Wagering Act, and that revenue-based measures are consistent with concession-based diversity frameworks, including the City's own airport concession programs; and

WHEREAS, The City Council recognizes that the Illinois Video Gaming Act and rules of the Illinois Gaming Board govern the licensure, placement, operation, use agreements, revenue share agreements, and revenue allocation for video gaming terminals, and that any local reporting requirements must be administered in a manner consistent with State law and the authority of the Illinois Gaming Board; now, therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The foregoing recitals are hereby adopted as the findings of the City Council.

SECTION 2. Section 4-155-010 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

4-155-010 Definitions.

(a) As used in this chapter:

“Act” means the Illinois Video Gaming Act, 230 ILCS 40/1, et seq.

“Authorized location” means any establishment for which a current, valid: (1) consumption on premises – incidental activity license has been issued for the retail sale of alcoholic liquor for consumption on the premises at a fixed place of business where the sale of alcoholic liquor is incidental or secondary to the primary activity of such place of business, including but not limited to restaurants, hotels, theaters providing live stage performances, bowling alleys, and not-for-profit clubs; or (2) tavern license has been issued. Notwithstanding anything to the contrary in this

Code or the Act, “authorized location” shall not include: (1) any other type of “consumption on premises – incidental activity license”; (2) any casino operated by a licensed owner pursuant to the Illinois Gambling Act (230 ILCS 10/1 et seq.); (3) any sports wagering operated by a master sports wagering licensee (or its licensed management sports wagering operator) pursuant to the Illinois Sports Wagering Act (230 ILCS 45/25-1 et seq.); or (4) any inter-track wagering location under the Illinois Horse Racing Act (230 ILCS 5/1, et seq.).

“Commissioner” means the Commissioner of Business Affairs and Consumer Protection.

“Department” means the Department of Business Affairs and Consumer Protection.

“Diverse firm” means a business certified by the City as a minority-owned business enterprise or M.B.E., a women-owned business enterprise or W.B.E., each as defined in Section 2-92-420, or a veteran-owned business as defined in 2-92-920, as recognized under the City’s certification programs established pursuant to Chapter 2-92.

“Gambling offense” means any violation of subsections (a)(3) through (a)(11) of Section 28-1, Section 28-1.1, or Section 28-3 of the Illinois Criminal Code.

“Licensed location” means an authorized location for which a current, valid location license has been issued under this chapter.

“Location license” means a license issued under this chapter to locate a video gaming terminal at an authorized location.

“Revenue share agreement” means an agreement between two terminal operators, pursuant to which one terminal operator agrees to share a portion of net terminal income generated at a licensed establishment, in consideration for performance of a commercially useful function related to the paying terminal operator’s City-licensed video gaming operations, as defined in Section 2-92-670.

“Terminal license” means a license issued under this chapter to a terminal operator to operate a video gaming terminal.

(b) The following terms have the respective meanings ascribed in the Act: “terminal operator”; “net terminal income”; “video gaming terminal”; “substantial interest”; and “use agreement”.

(c) The following terms have the respective meanings ascribed in Section 4-60-010: “consumption on premises – incidental activity license” and “tavern license”.

SECTION 3. Section 4-155-030 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

4-155-030 License – Application and issuance.

(a) Terminal licenses. In addition to the requirements of Section 4-4-050, an application for, and, if requested, renewal of, a license under this chapter shall be accompanied by the following:

(Omitted text is unaffected by this ordinance)

(8) A copy of any revenue share agreements the applicant is party to.

(9) Any other information that the Commissioner may require to implement the requirements of this chapter.

(Omitted text is unaffected by this ordinance)

SECTION 4. Chapter 4-155 of the Municipal Code of Chicago is hereby amended by inserting a new Section 4-155-085 as follows:

4-155-085 Supplier Diversity Goal and Revenue Share Agreements.

(a) In furtherance of the City's policy of encouraging the utilization of diverse firms, each terminal operator is hereby encouraged to meet as aspirational goals of not less than 15% participation by Minority-owned Business Enterprises, not less than 5% participation by Women-owned Business Enterprises, and not less than 3% participation by Veteran-owned Business Enterprises. Terminal operators shall make good faith efforts to meet the aspirational goal established under this section; provided, however, that failure to meet such aspirational goal shall not be a violation of this section.

(b) Eligible expenditures may include, but are not limited to, expenditures related to the ownership, operation, placement, installation, servicing, maintenance, repair, marketing, compliance, technology, logistics, transportation, storage, and other business opportunities, including financial, legal, and other professional services, associated with video gaming terminals within the City. Amounts paid by a terminal operator to another terminal operator that qualifies as a diverse firm pursuant to a revenue share agreement may be credited toward the aspirational goal established under this section, provided that such agreement is entered into in accordance with, and in all respects complies with, the Act, this Code, and any applicable rules promulgated by the Illinois Gaming Board or the Commissioner.

(c) The Department shall monitor progress toward such goals through the annual reports submitted under Section 4-155-086 and shall report aggregate terminal operator performance against such goals to the City Council as part of its aggregate annual report.

(d) Nothing in this Section shall be construed to authorize or permit the payment of an incentive or inducement, or any other payment, agreement, good, service, reimbursement, or other thing of value, prohibited under the Act, this Code, and any applicable rules promulgated by the Illinois Gaming Board or the Commissioner.

SECTION 5. Chapter 4-155 of the Municipal Code of Chicago is hereby amended by inserting a new Section 4-155-086 as follows:

4-155-086 Annual Report.

(a) Beginning September 30, 2027, each terminal operator shall submit an annual report to the Department, in the form and manner prescribed by the Commissioner, on or before September 30 of each year. Such reports shall cover the preceding calendar year and shall, at a minimum, include the information required under subsections (b) and (c) of this section, in addition to any other information required by the Commissioner, by rule.

(b) *Supplier diversity reporting.* The annual report shall include a section detailing the diversity of the terminal operator's suppliers, including, at a minimum, the following information:

(1) The total net terminal income received by the terminal operator from licensed establishments within the City during the reporting period;

(2) The total dollar value of expenditures made by the terminal operator to diverse firms during the reporting period, including a breakdown by the following categories:

(A) Goods and services;

(B) Construction and capital expenditures;

(C) Professional services; and

(D) Amounts paid pursuant to any revenue share agreement, including documentation that the receiving terminal operator is a diverse firm and has performed a commercially useful function;

(3) The percentage that diverse firm expenditures represent of the terminal operator's total net terminal income derived from City-licensed locations for the reporting period; and

(4) A description of the terminal operator's efforts to identify, recruit, and contract with diverse firms during the reporting period.

(c) *Social impact reporting.* The annual report shall include a section detailing the social impact of the terminal operator's video gaming operations within the City, including, at a minimum, the following information:

(1) The terminal operator's total net terminal income derived from City-licensed locations, number of employees based in or primarily serving the City, payroll, and the number and geographic distribution of licensed establishments within the City;

(2) The demographic composition of the terminal operator's workforce serving City locations, including data on minority employees, women, and persons with disabilities, consistent with the categories used under the City's MBE/WBE Procurement Program and the Illinois Business Enterprise for Minorities, Women, and Persons with Disabilities Act;

(3) The total dollar value of charitable contributions, community sponsorships, and investments in historically underserved Chicago communities made during the reporting period, including a description of the communities served;

(4) A summary of any incidents, violations, or interactions with law enforcement at City-licensed establishments attributable to video gaming operations during the reporting period, including any notices of violation issued by the City;

(5) The number of self-exclusion requests processed, responsible gaming resources distributed, and any other efforts undertaken to address problem gambling among patrons of City-licensed establishments during the reporting period; and

(6) The total amount of taxes and fees remitted to the State of Illinois and to the City of Chicago during the reporting period.

(d) The Department shall compile and publish the information submitted under this section in an aggregate annual report to the City Council and the Mayor, no later than December 31 of each year.

SECTION 6. This ordinance takes effect 10 days after passage and publication.

A handwritten signature in black ink, appearing to read 'Gilbert Villegas', with a stylized flourish at the end.

GILBERT VILLEGAS
Alderman, 36th Ward