

SUBSTITUTE ORDINANCE

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

SECTION 1. Section 4-5-010 of the Municipal Code is hereby amended by inserting the language underscored, as follows:

4-5-010 Establishment of license fees.

(Omitted text is unaffected by this ordinance)

(45) Video Gaming

<u>Location License</u>	<u>\$500, plus \$1,000 per video gaming terminal</u>
<u>Terminal License</u>	<u>\$500, plus \$1,000 per video gaming terminal</u>

SECTION 2. Title 4 of the Municipal Code of Chicago is hereby amended by inserting a new Chapter 4-155, as follows:

CHAPTER 4-155 VIDEO GAMING

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 "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. 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.

"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.

"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"; "video gaming terminal"; "substantial interest"; and "use agreement".

4-155-020 Licenses – required.

(a) *Terminal license.* A person may not own, maintain, or place a video gaming terminal in the City without a valid terminal operator's state license issued under the Act and a valid terminal license issued under this Chapter for each video gaming terminal. A terminal operator may only place video gaming terminals for use in the City at licensed location. The license fee shall be as set forth in Section 4-5-010. The license shall expire on the date indicated on the face of the license.

(b) *Location license.* No video gaming terminal may be placed in any location in the City unless the owner or agent of the owner of an authorized location has a valid state location license issued under the Video Gaming Act and a valid location license issued under this Chapter. The license fee shall be as set forth in Section 4-5-010. This fee is not applicable to a specific video gaming terminal but allows for placement of that number of terminals in the licensed video gaming location. The license shall expire on the date indicated on the face of the license.

(c) *Exclusions.* No person, firm, or corporation holding a casino owner's license or a temporary operating permit (collectively, an "owner's license") issued by the Illinois Gaming Board to conduct gambling operations pursuant to the Illinois Gambling Act will be required to obtain a video gaming terminal license for any electronic gaming machine located and lawfully operated within a casino operating pursuant to the Illinois Gambling Act. No person, firm, or corporation holding a masters sports wagering license, a sports wagering temporary operating permit or a management services provider license (collectively, a "sports wagering license") issued by the Illinois Gaming Board to conduct sports wagering pursuant to the Illinois Sports Wagering Act will be required to obtain a video gaming terminal license for any sports wagering terminal, kiosk, or other device located and lawfully operated within a casino operating pursuant to the Illinois Gambling Act.

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:

(1) A copy of all applicable licenses issued by the Illinois Gaming Board.

(2) A copy of the completed application submitted to the Illinois Gaming Board.

(3) The address, business name, and contact information for the applicable licensed location where the video gaming terminals are proposed to be located.

(4) A copy of the use agreement between the applicant and the applicable licensed location.

(5) The total number of video gaming terminals to be placed in the applicable licensed location, and the serial number and Illinois Gaming Board registration number for each such video gaming terminal.

(6) Evidence of liability insurance on each video gaming terminal to be placed in the applicable licensed location in the applicable amount set by the Illinois Gaming Board.

(7) The name, date of birth, address, and contact information of any person with a substantial interest in the applicant.

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

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

(1) A copy of all applicable licenses issued by the Illinois Gaming Board.

(2) A copy of the completed application submitted to the Illinois Gaming Board.

(3) The address, business name, and contact information for any terminal operator who will own, service, or maintain a video gaming terminal at the proposed location.

(4) A copy of the use agreement between the applicant and the applicable terminal operator.

(5) The name, date of birth, address, and contact information of any person with a substantial interest in the applicant.

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

(c) *Information to be kept current.* It is a condition of any license issued under this Chapter that all information in the application be kept current. Any change in required information shall be reported to the Department within 10 business days after such change has occurred.

(d) *Notice.* As soon as practicable after receipt, the Commissioner shall send a copy of each application for a license under this Chapter to the affected alderman, who may provide recommendations or other information pertaining to the application. Upon issuance, renewal, denial, or nonrenewal of any license under this Chapter, the Commissioner shall notify the affected alderman.

(e) *State licenses.* The Commissioner may only issue a license under this Chapter after the Illinois Gaming Board background investigation is complete, the Illinois Gaming Board determines the applicant is suitable for licensure, and the applicant has been issued the applicable State license by the Illinois Gaming Board. In addition to any other information required under this Chapter, the Commissioner may only renew a terminal license or a location

license upon receipt of a copy of the applicable, current license issued by the Illinois Gaming Board.

4-155-040 License – qualifications.

No license under this Chapter shall be issued to:

(a) An applicant who makes any false, misleading, or fraudulent statement or misrepresents any fact in the application or uses any scheme or subterfuge for the purpose of evading any provision of this Chapter or the Act.

(b) A person who has been convicted of any gambling offense or any felony (other than a minor cannabis offense) under any federal or state law, if the Commissioner determines, after investigation, that such person has not been sufficiently rehabilitated to warrant the public trust;

(c) A person whose license issued under this Chapter, or any license issued by the Illinois Gaming Board, has been revoked or not renewed for cause;

(d) A person who at the time of application or renewal of any license issued pursuant to this Chapter would not be eligible for such license upon a first application;

(e) An applicant for a location license if any license issued under this Chapter or Chapter 4-60 for such location has been revoked for cause;

(f) An applicant for a location license if such applicant does not beneficially own the premises for which a license is sought, or does not have a lease thereon;

(g) Any elected public official of local government, or any nonelected law enforcing official or employee of the City;

(h) A person who is not a beneficial owner of the business to be operated by the licensee;

(i) Any premises on which the carrying of concealed firearms on the property is permitted, other than individuals authorized to carry a firearm under Section 24-2 of the Illinois Criminal Code of 2012, retired law enforcement officers qualified under federal law to carry a concealed firearm, and the owner, lessee, tenant or operator of the licensed premises or the agents thereof; or

(j) A corporation, partnership, limited partnership, limited liability company, or any other business entity if any person with a substantial interest in such entity would not be eligible to receive a license under this Chapter or the Act.

4-155-050 Registration tag.

(a) Concurrently with the issuance of a terminal license, the Commissioner shall issue to every terminal licensee a registration tag for the applicable video gaming terminal to be installed at a licensed location within the City.

(b) Each terminal licensee shall securely affix, in a manner determined by rule, the assigned registration tag on each licensed video game terminal. If a registration tag is not affixed to a video gaming terminal as required by this subsection, then the location licensee shall be prohibited from using or permitting the use of the video gaming terminal.

(c) The Department shall not issue a registration tag to a terminal licensee if the terminal licensee has failed to pay any tax, interest, or penalty that has been assessed by the City, unless one or more of the following conditions is true:

(1) the terminal licensee is contesting liability for the tax in a pending administrative or judicial proceeding;

(2) the terminal licensee has filed a petition in bankruptcy and the full amount of the tax due to the City is dischargeable in bankruptcy; or

(3) the terminal licensee has entered into an agreement with the City for the payment of the entire tax, interest, and penalty, and the licensee is in compliance with the agreement.

4-155-060 Legal duties.

(a) *Terminal licensees.* In addition to all other duties and obligations required under the Act, this Code, and any applicable rules promulgated by the Illinois Gaming Board or the Commissioner, no terminal licensee shall:

(1) violate or otherwise fail to comply with any provision the Act, this Code, any applicable rules promulgated by the Illinois Gaming Board or the Commissioner, or any lawful order issued by the Illinois Gaming Board or the Commissioner;

(2) install, keep, or maintain more video gaming terminals than the number included on the application and for which a license has been issued, but in no event more than six video gaming terminals per licensed location;

(3) install, keep, or maintain any video gaming terminal: (A) unless a valid license issued under this Chapter for the video gaming terminal is in effect; and (B) at any location other than the licensed location including on the application;

(4) fail to install, post, affix, maintain, or display any signs or tags as required by the Act, this Code, and any applicable rules promulgated by the Illinois Gaming Board or the Commissioner; or

(5) give anything of value, including, but not limited to, a loan or financing arrangement, to the owner of any authorized location or licensed location as any incentive or inducement to locate video gaming terminals in that establishment.

(b) *Location licensees.* In addition to all other duties and obligations required under the Act, this Code, and any applicable rules promulgated by the Illinois Gaming Board or the Commissioner, no location licensee shall:

(1) violate or otherwise fail to comply with any provision the Act, this Code, any applicable rules promulgated by the Illinois Gaming Board or the Commissioner, or any lawful order issued by the Illinois Gaming Board or the Commissioner;

(2) permit the use of a video gaming terminal in any manner not authorized by the Act or this Chapter, including but not limited to the improper location of terminals, lack of required oversight, payouts in excess of those provided for by law, side bets, underage use, or other illegal gambling activities;

(3) install, keep, maintain, or use, or to permit the installation, keeping, maintenance, or use of, more video gaming terminals than the number included on the application and for which a license is issued, but in no event more than six video gaming terminals;

(4) permit access to or playing of video gaming terminals by persons who are under the age of 21 years;

(5) violate any provision of State law or this Code concerning the sale, dispensing or consumption on premises of alcoholic beverages that result in suspension or revocation of any liquor license held by or associated with the licensed location;

(6) fail to install, post, affix, maintain, or display any signs or tags as required by the Illinois Gaming Board, the Act, or this Chapter; or

(7) install, keep, maintain, or use, or to permit the installation, keeping, maintenance, or use of, any video gaming terminal at the licensed location: (A) unless a valid license issued under this Chapter for the video gaming terminal is in effect; and (B) by anyone other than the terminal licensee identified on the application.

4-155-070 Distance requirement.

No video gaming terminal may be located within any location prohibited under the Act. Any distance separation requirements shall be measured from the nearest corner of the building or leased space housing the video gaming terminal to the nearest corner of the building or leased space housing the closest video terminal. No license shall be issued if the Commissioner determines that any required distance separation under the Act is not met.

4-155-080 Location of terminals.

(a) All video gaming terminals must be located in an area restricted to persons over 21 years of age. Any licensed video gaming location that allows minors to enter where video gaming terminals are located shall separate any video gaming terminals from the area accessible by minors. The placement of video gaming terminals in licensed locations shall be subject to the rules promulgated by the Illinois Gaming Board and the Commissioner.

(b) All licensed video gaming locations and terminal operators shall be responsible for the proper placement, installation, maintenance, and oversight of video gaming terminals within a licensed video gaming location as prescribed by the Act, the regulations issued pursuant thereto and this Chapter.

(c) The owner, manager, or an employee who is over 21 years of age shall be present during all hours of operation, and the video gaming terminals or the entrance to the video gaming terminal area must be within the view of at least one of the owner, manager, or an employee who is over 21 years of age.

4-155-090 Duty to report.

In addition to the requirements of Section 4-4-306, licensees shall promptly report the following to the Department:

(a) A violation of the Act, this Chapter, any applicable rules promulgated by the Illinois Gaming Board or the Commissioner, or any illegal or unlawful conduct including, but not limited to, the possession, maintenance, facilitation or use of any unlicensed video gaming terminal or other illegal gaming device;

(b) Any adverse action taken by the Illinois Gaming Board; and

(c) Any adverse action taken relative to the licensed location's liquor license, including suspension, revocation, summary closure, or nonrenewal.

4-155-100 Administration and enforcement.

Subject to the jurisdiction of the Illinois Gaming Board and Section 4-155-130, the Commissioner shall supervise and have jurisdiction over, all video gaming operations in the City governed by the Act, the regulations promulgated pursuant to the Act, and this Chapter. The Commissioner may adopt rules for the purpose of administering the provisions of this Chapter and to prescribe rules, regulations, and conditions under which video gaming in the City shall be conducted, including but not limited to rules to establish additional qualifications and requirements to preserve the integrity and security of video gaming in the City and rules providing for the prevention of practices detrimental to the public interest.

4-155-110 Penalties; seizure.

(a) Except as provided in subsection (b), and in addition to any other penalty provided by law, any person who violates this Chapter shall be subject to a fine of not less than \$500 and not more than \$2,500. Each day that a violation continues or occurred, and each violation committed per day, shall constitute a separate and distinct offense to which a separate fine shall apply.

(b) In addition to any other penalty provided by law, any licensee who knowingly permits a person under the age of 21 years to use or play a video gaming terminal shall be subject to a fine of not more than \$5,000. Each day that a violation continues or occurred, and each violation committed per day, shall constitute a separate and distinct offense to which a separate fine shall apply.

(c) If the Commissioner, the Department, or any police officer has a reasonable basis for believing any electronic video game machine is (i) an unlicensed video gaming terminal or an illegal gaming device, (ii) not affixed with current State and City registration tags, or (iii) operating in a manner that violates any provision of the Act, this Chapter, or any applicable rules promulgated by the Illinois Gaming Board or the Commissioner, then such electronic video game machine may be seized by any duly authorized enforcement official, followed by an administrative hearing with notice to the owner within seven days of such seizure for the purpose of reviewing the appropriateness of the seizure. If it is determined at the hearing by a preponderance of the evidence that the seized electronic video game machine is not an unlicensed video gaming terminal or an illegal gaming device, it shall be returned to the owner without charge. If it is determined at the hearing that the electronic video game machine is an unlicensed video gaming terminal or an illegal gaming device, it shall be turned over to the Illinois Gaming Board in accordance with Section 4-155-130. If the owner of the device does not claim the electronic video game machine within 14 days after the mailing of the notice, it shall be turned over to the Illinois Gaming Board in accordance with Section 4-155-130.

4-155-120 Suspension and revocation.

In addition to any other penalty provided by law, any license issued under this Chapter may be revoked by the Commissioner in accordance with Section 4-4-280, and subject to Section 4-155-130, upon violation by the licensee of any provision of provision the Act, this Code, any applicable rules promulgated by the Illinois Gaming Board or the Commissioner, or any lawful order issued by the Illinois Gaming Board or the Commissioner.

4-155-130 State-local relations.

(a) The provisions of this Chapter shall be subject to the Illinois Gambling Act and all rules promulgated thereunder, and to the Act and all rules promulgated thereunder, except that in the event of a conflict between the two acts, the provisions of the Act shall apply, and in the event of a conflict between the rules promulgated under the two acts, the rules promulgated under the Act shall apply.

(b) Whenever the Department takes any action authorizing or prohibiting the licensing, operation, or use of video gaming terminals in the City, the Commissioner shall notify the Illinois Gaming Board of such action.

(c) Whenever the Department takes action relating to the operation or use of a video gaming terminal in the City, whether licensed or unlicensed, the Commissioner shall notify the Illinois Gaming Board. Such notice shall specify the extent of the action taken and the reasons for the action. If the City confiscates video gaming terminals or terminal income, the City shall, as soon as practicable under the circumstances, turn over the video gaming terminals and terminal income to the Illinois Gaming Board unless otherwise ordered by a court of competent jurisdiction.

4-155-140 Use of tax revenues.

All tax revenue received from the State under the Act shall be deposited into a separate fund and used solely to meet the City's contribution obligations under the Illinois Pension Code, 40 ILCS 5/1-101, et seq.

SECTION 3. Section 4-6-120 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

4-6-120 Automatic amusement operator.

(a) *Definitions.* As used in this section:

"Automatic amusement device" means any machine, which, upon the insertion of a coin, slug, token, card or similar object, or upon any other payment method, may be operated by the public generally for use as a game, entertainment or amusement, whether or not registering a score, and includes, but is not limited to, such devices as jukeboxes, marble machines, pinball machines, movie and video booths or stands and all games, operations or transactions similar thereto under whatever name by which they may be indicated. Bingo devices are deemed gambling devices and are therefore prohibited for use except as provided by state law. If a machine consists of more than one game monitor which permits individuals to play separate games simultaneously, each separate game monitor shall be deemed an automatic amusement device. The term "automatic amusement device" shall not include a duly licensed video gaming terminal that is lawfully maintained and operated in accordance with Chapter 4-155.

(Omitted text is unaffected by this ordinance)

SECTION 4. Section 4-156-150 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

4-156-150 Definitions.

As used in this chapter:

"Automatic amusement device" means any machine, which, upon the insertion of a coin, slug, token, card or similar object, or upon any other payment method, may be operated by the public generally for use as a game, entertainment or amusement, whether or not registering a score, and includes but is not limited to such devices as jukeboxes, marble machines, pinball machines, movie and video booths or stands and all games, operations or transactions similar thereto under whatever name by which they may be indicated. Bingo devices are deemed gambling devices and are therefore prohibited for use except as provided by state law. If a machine consists of more than one game monitor which permits individuals to play separate games simultaneously, each separate game monitor shall be deemed an automatic amusement device. An "automatic amusement device" does not include a machine used for lawful gambling at a casino, as that term is defined in 230 ILCS 10/4, or a video gaming terminal that is lawfully maintained and operated in accordance with Chapter 4-155.

"Illegal amusement device" means an automatic amusement device that: includes a knock-off circuit; or allows more than ten replays or free games, or maintains a count of payoffs or the number of times a person has won a game played on the device; or maintains a tally of players' scores other than the tally displayed to players; or fails to display in the required manner a tax emblem required by chapter; or has been used for illegal gambling. "Illegal amusement device" does not include a device that properly displays a required tax emblem, that is not used for illegal gambling and that qualifies either as a crane game as defined in the Illinois Criminal Code of 1961 or as a redemption machine as defined in the Illinois Criminal Code. An automatic amusement device shall not be deemed an illegal automatic amusement device because of internal diagnostic devices or capabilities that are able to record and maintain statistical data such as the number of coins or tokens deposited, the number of games played or the number of games won, if such diagnostic devices or capabilities are intended and used exclusively for auditing of game performance. The term "illegal amusement device" shall not include a duly licensed video gaming terminal that is lawfully maintained and operated in accordance with Chapter 4-155.

"Video gaming terminal" has the meaning ascribed in Chapter 4-155.

(Omitted text is unaffected by this ordinance)

SECTION 5. Section 4-156-450 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

4-156-450 Gambling.

It is unlawful for any licensee to conduct or permit any person to conduct any raffle, lottery or chance distribution of money, or article of value, or any gift enterprise or any form of gambling

upon the licensed premises; provided, however, that nothing in this Section shall be construed to prohibit any conduct authorized by: (1) Chapter 4-155; or (2) the Sports Wagering Act, 230 ILCS 45/25-1, et seq. or the Illinois Gambling Act, 230 ILCS 10/1, et seq., each as in effect on May 4, 2022.

SECTION 6. Section 8-12-010 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, and by deleting the language struck through, as follows:

8-12-010 Definitions.

No person shall play or engage in faro, roulette, or gambling for money or other valuable thing, or in any other device or game of chance, hazard, or skill, either as bookmaker, dealer, keeper, player, or otherwise, for the purpose of gaming or gambling for money or other valuable thing. Nothing in this chapter shall be construed to prohibit any conduct authorized by: (1) Chapter 4-155; or (2) the following statutes, each as in effect on May 4, 2022: the Illinois Lottery Law, the Illinois Horse Racing Act, the Raffles and Poker Runs Act, the Illinois Pull Tabs and Jar Games Act, the Bingo License and Tax Act, the Charitable Games Act, the Illinois Gambling Act, or the Illinois Sports Wagering Act.

SECTION 7. This ordinance takes effect on January 1, 2026.

ANTHONY A. BEALE
Alderman, 9th Ward