



## CITY OF WASHINGTON, ILLINOIS

### Committee of the Whole Agenda Communication

**Meeting Date:** February 14, 2022

**Prepared By:** Chief McCoy and Deputy Chief Stevens

**Agenda Item:** Gaming Ordinance Update – Including Terminal fee Adjustment Required by P.A. 102-0689

**Explanation:** Governor Pritzker signed Public Act (P.A.) 102-0689 on December 17, 2021. The Act became effective immediately and affects even home rule communities' governance of gaming.

The Act's largest change locally is in terminal fees. Annual terminal fees are currently set in Washington at \$500 per terminal to the terminal operator (the company that provides machines to local businesses) and \$50 to the local business. The City of Washington ordinance currently authorizes 54 terminal licenses, representing up to \$29,700 in potential fees paid to the City (if all licenses are filled). As of December, 2021, Washington had 46 working video gaming terminals in 9 establishments, representing \$25,300 in terminal fees to the City (\$23,000 from terminal operators, \$2,300 from establishments).

The Act requires even home rule terminal fees to be shared equally by the terminal operator and the local establishment. To this end, we seek the City Council's input regarding setting those equally shared fees. Terminal fees vary widely in Illinois, making comparisons problematic. However, the largest regional cities, Peoria and Pekin, set annual terminal fees at \$1,000, with that cost placed wholly on the terminal operator (see <https://cityofwashington.online/peo> and <https://cityofwashington.online/pek>). Neither of the listed ordinances has been updated in reference to this Act. As of this writing, neither Peoria nor Pekin officials responsible for administering the fees could say what those municipalities planned for fees.

We have attached a report on gaming terminal income by establishment from January, 2021 - December, 2021. Of note, that period included one additional establishment and two terminals no longer licensed and Beck Oil activated 6 terminals for approximately one month during that time.

ILLINOIS GAMING BOARD VIDEO GAMING REPORT Washington January 2021 - December 2021											1/25/2022 1:24 pm
Municipality	Establishment	License Number	VGT Count	VGT Wagering Activity			VGT Income			VGT Tax Distribution	
				Amount Played	Amount Won	Net Wagering Activity	Funds In	Funds Out	Net Terminal Income	NTI Tax	Municipality Share
Washington	Beck Oil Company of Illinois	211001078	6	\$677,883.85	\$636,842.89	\$41,040.96	\$193,707.00	\$152,665.78	\$41,041.22	\$13,954.07	\$11,901.99
Washington	Bernard's Restaurant, Inc.	190703281	3	\$812,919.91	\$742,323.83	\$70,596.08	\$250,269.00	\$179,672.52	\$70,596.48	\$24,002.84	\$20,473.01
Washington	Christy's Place, Inc.	120706297	6	\$4,259,143.61	\$3,915,611.09	\$343,531.82	\$1,344,633.00	\$1,001,101.08	\$343,531.92	\$116,800.98	\$99,624.36
Washington	KEPS SPORTS BAR, INC.	120701222	6	\$4,089,382.52	\$3,783,919.21	\$305,463.31	\$1,497,241.00	\$1,151,777.64	\$305,463.36	\$103,824.93	\$88,556.59
Washington	KEPS SPORTS BAR, INC.	170702406	2	\$29,267.28	\$25,694.94	\$3,572.34	\$13,089.00	\$9,516.66	\$3,572.34	\$1,214.66	\$1,036.04
Washington	Parish's Pub, Inc.	150704192	6	\$4,741,011.03	\$4,374,205.10	\$366,805.93	\$1,439,015.00	\$1,072,209.07	\$366,805.93	\$124,714.31	\$106,373.98
Washington	Plaza Lanes, LLC	120708960	4	\$1,720,159.37	\$1,602,138.97	\$118,020.40	\$453,522.00	\$335,501.60	\$118,020.40	\$40,127.09	\$34,226.05
Washington	REMWOOD OF PEORIA INC.	120705205	5	\$3,374,258.83	\$3,132,621.79	\$241,637.04	\$1,062,573.00	\$820,935.96	\$241,637.04	\$82,156.65	\$70,074.77
Washington	Triple B Group, Inc.	180700594	5	\$3,334,722.68	\$3,081,648.91	\$253,073.77	\$1,089,312.00	\$836,238.21	\$253,073.79	\$86,045.20	\$73,391.48
Washington	Walker Danforth Post No. 5016, Veterans of Foreign Wars of the United States, Inc.	150903344	5	\$1,070,840.99	\$1,000,121.17	\$70,719.42	\$361,154.00	\$290,434.58	\$70,719.42	\$24,044.68	\$20,508.68
REPORT TOTAL:				10 Establishments	48	\$24,109,589.67	\$22,295,128.80	\$1,814,460.87	\$7,864,515.00	\$5,850,053.10	\$1,814,461.90
										\$616,885.37	\$526,166.95
											\$90,718.42

Date Prepared: 2/11/2022

We recognize the City's work, historically, to control the negative effects of gaming that does not fit the culture and character of the local community. In particular, the City has worked to balance support of business and development with negative effects of gaming by limiting gaming to locations that provide other significant benefits to the social fabric of the community. The changes made by the Act do not appear to limit the City's ability to apply licensing criteria generally to for-profit businesses seeking to establish or continue gaming in the City.

We have incorporated minor changes to the draft ordinance (attached) to reflect changes made by the Act. We will incorporate Council's direction regarding terminal fees and present a revised draft ordinance for first reading February 21 or otherwise at Council's direction. Existing licenses and terminal stickers expire April 30, 2022, and holders must apply to renew associated liquor licenses no later than 15 days prior to expiration. There is no minimum time for renewal of gaming licenses and terminal stickers, although businesses must also comply with state regulations and, like the City, make plans for the coming license year.

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE AMENDING CHAPTER 136 OF THE CODE OF ORDINANCES OF  
THE CITY OF WASHINGTON, TAZEWELL COUNTY, ILLINOIS  
REGARDING THE REGULATION OF LICENSED VIDEO GAMING**

**WHEREAS**, the City of Washington, Illinois (the “City”) is a home rule municipality in accordance with the Constitution of the State of Illinois and as such, has the authority to create this Ordinance; and

**WHEREAS**, Section 136.01 of the Code of Ordinances of the City (the “Code”) prohibits “gambling for money or any other valuable thing, or any other device or game, or 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”; and

**WHEREAS**, Sections 136.50 through 136.52 provide an exception to the prohibitions against gambling or gaming for video gaming terminals that have a valid video gaming terminal permit sticker, are being operated by an establishment that has a valid City video gaming establishment license, and is in full compliance with the terms and conditions thereof;

**WHEREAS**, effective as of December 17, 2021, the Governor of the State of Illinois signed into law Public Act 102-0689 that makes certain amendments to the Illinois Video Gaming Act (the “Act”) that purports to: (i) make the licensure, registration, and regulation of video gaming powers of the State; and accordingly (ii) limits the ability of the City, as a home rule municipality, to impose certain regulations on video gaming;

**WHEREAS**, the City Council desires to amend its regulations of video gaming to comport with the amendments to the Act.

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Washington, Illinois as follows:

Section 1: The recitals; as set forth above, are incorporated herein as though fully set forth and shall be considered the express findings of the City Council.

Section 2: That Section 136.50(D) of the Code be, and the same hereby is, amended as follows:

- (D) Video Gaming Terminal Establishment and Terminal Operator Permit Sticker.
- (1) In order for a video gaming terminal to be operated at a licensed establishment or licensed truck stop establishment, the licensed establishment is required to obtain an annual video gaming terminal permit sticker from the City for each video gaming terminal located on its premises by submitting a written application, on a form provided by the City, to the Mayor or the party designated by him/her. Each video gaming terminal permit sticker issued by the City shall expire April 30, next, after date of issue, with an annual fee of \$ 50.00 per video gaming terminal payable in full at the time the application is filed with the City.
- (2) In order for a video gaming terminal to be operated at a licensed establishment or licensed truck stop establishment, the licensed video game terminal operator is required to obtain an annual video gaming terminal operator permit sticker from the City for each video gaming terminal leased, delivered, or otherwise provided for usage within the City by submitting a written application, on a form provided by the City, to the Mayor or the party designated by him/her. Each video gaming terminal operator permit sticker issued by the City shall expire

April 30, next, after date of issue, with an annual fee of \$ 500.00 per video gaming terminal payable in full at the time the application is filed with the City.

- (3) In the event that a video gaming terminal currently licensed within the City is replaced, the Mayor or the party designated by him/her may, after verification of the destruction of the original, in-force video gaming terminal permit sticker or video gaming operator terminal permit sticker, issue a replacement sticker upon payment of not more than \$10.00 per video gaming terminal.

(4) The cost of any fees imposed under this Section 136.50(D) shall be shared equally between the applicable licensed establishment or licensed truck stop establishment and the licensed video gaming terminal operator.

Section 3: If any provision of this Ordinance or application thereof to any person or circumstances is ruled unconstitutional or otherwise invalid, such invalidity shall not affect other provisions or applications of this Ordinance that can be given effect without the invalid application or provision, and each invalid provision or invalid application of this Ordinance is severable.

Section 4: That all ordinances or parts thereof in conflict herewith are hereby expressly repealed.

Section 5: This Ordinance shall be in full force and effect from and after its passage, approval, and notification as provided by law and shall take effect upon its passage as required by law.

PASSED AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

AYES: \_\_\_\_\_

NAYS: \_\_\_\_\_

\_\_\_\_\_  
Gary W. Manier, Mayor

ATTEST:

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Valeri L. Brod, City Clerk