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Title: Amendment of Municipal Code Chapters 4-6, 4-156 and 8-12 by modifying various sections and adding new Section 4-156-165 to regulate video gaming terminals
Sponsors: O'Shea, Matthew J.
Indexes: Ch. 6 Regulated Business License, Ch. 12 Gambling, Ch. 156 Amusements
Attachments: 1. O2020-5706.pdf

| Date | Ver. | Action By | Action | Result |
|------------|------|--------------|----------------|--------|
| 5/24/2023 | 1 | City Council | Failed to Pass | |
| 11/16/2020 | 1 | City Council | Referred | |

COMMITTEE ON FINANCE

ORDINANCE

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

SECTION 1. Chapter 4-156 of the Municipal Code of Chicago is hereby amended by deleting the language struck through, by inserting the language underscored and by inserting new Section 4-156-165, as follows,

4-156-010 Definitions.

For purposes of this chapter:

"Amusement" means: (1) any exhibition, performance, presentation or show for entertainment purposes, including, but not limited to, any theatrical, dramatic, musical or spectacular performance, promotional show, motion picture show, flower, poultry or animal show, animal act, circus, rodeo, athletic contest, sport, game or similar exhibition such as boxing, wrestling, skating, dancing, swimming, racing, or riding on animals or vehicles, baseball, basketball, Softball, football, tennis, golf, hockey, track and field games, bowling or billiard or pool games; (2) any entertainment or recreational activity offered for public participation or on a membership or other basis including, but not limited to, carnivals, amusement park rides and games, bowling, billiards and pool games, dancing, tennis, racquetball, swimming, weightlifting, bodybuilding or similar activities; or (3) any paid television programming, whether transmitted by wire, cable, fiber optics, laser, microwave, radio, satellite or similar means.

"Arcade" means a place of amusement that includes four or more automatic amusement devices; provided, however, that when calculating the number of automatic amusement devices, jukeboxes and video gaming terminals shall not be counted.

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, video gaming terminals, 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.

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"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. Notwithstanding any other provision of this section, a video gaming terminal licensed and lawfully maintained and operated under the Video Gaming Act, 230 ILCS 40, shall not be deemed an illegal amusement device.

"Knock-off circuit" means any mechanical or electrical device, circuitry or modification on an automatic amusement device, whereby free games shown on an externally visible indicator are released, while a record of games so released is maintained on a second indicator, meter or counter, either inside or outside the device. A reset button installed by the manufacturer of the automatic amusement device shall not, without more, constitute a knock-off circuit.

The phrase "more than ten replays or free games" means more than ten replays or free games at one time. "Free game or replay" does not include an extension of a game awarded as a result of the player's skill, such as an extra ball in a pinball game or extended playing time in a video game.

"Payoff" means the giving of money or other thing of value in exchange for a player's accumulated points or free games or replays.

The phrase "a count of payoffs or the number of times a player has won a game played on the device" means a tally, whether on paper, mechanical or electronic, and regardless of whether maintained inside, on or outside the automatic amusement device. The phrase is not intended to include a record of scores, accessible

to players of the device, and linked to previous players' names, nicknames, initials or other identifiers, for purposes of comparison and competition.

The phrase "tally of players' scores other than the tally displayed to players" does not include a record of scores, accessible to players of the device, and linked to previous players' names, nicknames, initials or other identifiers, for purposes of comparison and competition.

"Video gaming terminal" has the definition given to the term in Section 5 of the Video Gaming Act. 230 ILCS 40/5.

4-156-160 Tax imposed.

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An annual tax in the amount of \$150.00 for each calendar year is imposed upon all automatic amusement devices that are not video gaming terminals operated for gain or profit per device; and an annual tax in the amount of \$1,000.00 for each calendar year is imposed upon all automatic amusement devices that are video gaming terminals operated for gain or profit per device.

4-156-165 Video gaming terminal player amusement tax.

a) The following definitions shall apply for purposes of this Section:

"Play" means each individual push of a video gaming terminal which initiates the simulation provided by the video gaming terminal. Play shall not include the push of individual wager amounts, selection of types of games on the video gaming terminal or entry of any information or printing of winning receipts.

"Player" means a person who undertakes a play.

"Terminal operator" means any individual, partnership, corporation, or limited liability company that is licensed under the Video Gaming Act. 230 ILCS 40/1 et seq., and that owns, services, and maintains video gaming terminals for placement in licensed establishments, licensed truck stop establishments, licensed large truck stop establishments, licensed fraternal establishments, or licensed veterans establishments.

b) An amusement tax is imposed upon any player who plays within the City of Chicago. The rate of the tax shall be one cent (\$0.01) per play.

c) The ultimate incidence of and liability for payment of the tax imposed by this Section is to be borne by the player.

d) Any terminal operator shall collect the tax imposed by this Section from any player who plays within the City and shall remit to the Department of Finance the tax levied by this Section. Any such tax shall be collected as a trustee for and on account of the City.

e) All tax payments and remittances shall be made in accordance with either Section 3-4-187 (payment of actual tax liabilities) or Section 3-4-188 (payment of estimated taxes). All tax returns shall be filed with the Department of Finance on an annual basis on or before August 15 of each year in accordance with Sections 3-4-186 and 3-4-189.

f) A terminal operator shall keep accurate books and records of its business or activity, including original source documents and books of entry denoting the transaction that gave rise, or may have given rise, to the tax liability under this Section. All such books and records shall be kept in the English language and, at all times during regular business hours, shall be subject to and available for inspection by the Department of Finance.

g) Every terminal operator shall register with the Department of Finance within 30 days of commencing business in the City.

h) The failure of the terminal operator to collect the tax shall not relieve the player's duty to pay it.

i) The taxes imposed by this chapter are imposed in addition to all other taxes imposed by the City of Chicago, the State of Illinois or any other municipal corporation or political subdivision of the State of Illinois. Nothing in this chapter shall be construed to impose a

tax upon any business or activity which, under the constitutions of the United States and the State of Illinois, may not be made the subject of taxation by the City.

(i) The Comptroller is authorized to adopt, promulgate, and enforce rules and regulations pertaining to the administration and enforcement of this Section.

(k) Whenever not inconsistent with the provisions of this Section, or whenever this Section is silent, the provisions of the Uniform Revenue Procedures Ordinance, Chapter 3-4 of this Code, shall apply and supplement this Section.

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4-156-170 Tax emblem.

The automatic amusement device tax shall be paid by the owner of such device to the city clerk. The city clerk shall issue as evidence of the payment of the tax a self-voiding adhesive tax emblem to be placed on each device. Such emblem shall bear the words "City of Chicago Amusement Device Tax", the names of the mayor and the city clerk, an indication as to whether or not the device is a video gaming terminal, and such other wording as may be prescribed by the mayor. It shall be unlawful for any person to mutilate said tax emblem during the year for which it was issued.

4-156-180 Installation prerequisites.

It shall be unlawful for the owner or lessee of any premises or person in control of such premises to permit the installation or use of an automatic amusement device within the City of Chicago for gain or profit unless the tax has been paid and is evidenced by a tax emblem affixed to the automatic amusement device in a conspicuous location. Each such device shall be plainly labeled with the name, address and telephone number of its owner. No person shall remove, alter or deface the tax emblem or label required by this section, or allow use of an automatic amusement machine if the tax emblem or label has been removed, altered, defaced or become illegible. The owner or lessee of the premises where the device is placed for operation by the public and every person responsible for the premises shall be jointly and severally liable for a violation of this section.

In addition, installation of a video gaming terminal shall comply with the Video Gaming Act. 230 ILCS 40/1. et seq.

4-156-230 Number of devices limited.

a) It is unlawful for any person to operate or permit the operation of an arcade unless the person in control of such place has first obtained a public place of amusement license.

b) It shall be unlawful for any person to operate or permit the operation of more than two video gaming terminal devices per business location.

4-156-270 Restrictions on use by minors.

(a) No person, firm, corporation, organization or other legal entity shall permit, and it shall be unlawful for, any person under 17 years of age, who is not accompanied by a parent or legal guardian, to operate any automatic amusement device, except upon the premises of the city airports, between the hours of 8:00 a.m. and 3:00 p.m. on days in which the city's public schools are in session.

(b) No person, firm, corporation, organization or other legal entity shall permit, and it shall be unlawful for, any person under the age of 21 to play an automatic amusement device located at an establishment which sells alcoholic liquor for consumption on the premises.

The prohibition described in this subsection (b) shall not prohibit any person or legal entity to permit any person under the age of 21 to play an automatic amusement device located at an establishment validly licensed as a restaurant which sells alcoholic liquor for consumption on the premises, if the minor is accompanied by a parent or legal guardian.

No person, firm, corporation, organization or other legal entity shall permit, and it shall be unlawful for, any person under the age of 21 to play an automatic amusement device that is a video gaming terminal.

SECTION 2. Section 4-6-120 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and 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, video gaming terminals, 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.

"Automatic amusement device operator" means any person who conducts or transacts the business of distributing, placing, leasing or selling automatic amusement devices with an agreement to maintain, service or supply such device(s). The term "automatic amusement device operator" shall include any person that owns, maintains, or places a video gaming terminal in accordance with the Video Gaming Act, 230 ILCS 40/1, et seq.

"Video gaming terminal" has the definition given to the term in Section 5 of the Video Gaming Act. 230 ILCS 40/5.

(Omitted text is unaffected by this ordinance)

(e) Legal duties. Each licensee engaged in the business of automatic amusement operator shall have a duty to:

1) pay all taxes required to be paid by such licensee under Chapter 4-156 of this Code;

2) comply with all applicable requirements set forth in Chapter 4-156 of this Code;

■ (3) upon request of the commissioner, the comptroller or the city clerk, make available for examination all books and records of automatic amusement device operators necessary or appropriate to ensure compliance with the requirements of this chapter.

(e-1) Additional legal duties applicable to operators of video gaming terminals. Each licensee engaged in the business of operating automatic amusement device which is a video gaming terminal shall comply with the Video Gaming Act, 230 ILCS 40/1, et seq.

(f) Prohibited acts. It shall be unlawful for any licensee engaged in the business of automatic amusement operator to:

1) use coercive or illegal measures to promote the distribution, placement, leasing, selling or use of any automatic amusement device;

2) install or place any automatic amusement device in any establishment or location that is ineligible under this Code or the Video Gaming Act, 230 ILCS 40/1, et seq. to have such device(s) on its premises.

SECTION 3. Section 8-12-010 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows,

8-12-010 Gambling prohibited.

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 ~~prevent eleemosynary, religious or charitable institutions from conducting raffles, the proceeds of which benefit persons by enhancing their opportunity for religious or educational advancement; by relieving or protecting them from disease, suffering or distress; by contributing to their physical well-being; by assisting them in establishing themselves-in-life-as worthy and-useful citizens;-or by increasing their comprehension of and devotion to the principles upon which this nation was founded~~ prohibit any conduct authorized by, and that is undertaken pursuant to a duly issued applicable state and local licensure under, the Illinois Lottery Law, the Illinois Gambling Act, Illinois Horse Racing Act of 1975, 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 Native American Gaming Compact Act, the Sports Wagering Act, the Video Gaming Act or the State Fair Gaming Act.

SECTION 4. This Ordinance shall take effect upon its passage and publication.

Matthew J. O'Shea Alderman, 19th Ward
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SECTION 5. SECTION 1 and SECTION 2 of this Ordinance shall be repealed automatically either: (i) 90 days after the beginning of operation of a temporary or permanent casino gambling facility in the City of Chicago as authorized under the Illinois Gambling Act; or (ii) if Section 4-156-165 of the Municipal Code of Chicago is adjudged to be invalid by a court of final appellate jurisdiction or, if no such appeal is made or taken, by a court of competent jurisdiction.