



Legislation Text

File #: 22-119, Version: 4

ACTION REQUESTED:

Communication from the City Manager and Corporation Counsel with a Request to ADOPT an ORDINANCE Amending CHAPTER 18, ARTICLE IV, SUBSECTIONS 97 and 103 of the CODE of the City of Peoria, Regarding VIDEO GAMING FEES.

BACKGROUND:

The City of Peoria regulates video gaming via a local licensing structure. Two types of entities apply for local video gaming licenses: 1) video gaming terminal operators; and 2) local establishments. Under the City's current ordinances, terminal operators and local establishments must equally share an annual registration fee of \$500.00 per terminal. Terminal operators must also pay a separate annual licensing fee of \$1,000 per terminal. Under the existing code, the fee breakdown is as follows:

- Local establishments: \$250 per terminal annual registration fee
- Terminal operators: \$250 per terminal annual registration fee + \$1,000 *per terminal* annual license fee

To illustrate the existing fee structure, if Bar X has 4 video gaming terminals that were operated by Generic Gaming Company Inc., the fee breakdown would be as follows:

- Bar X: \$1,000 for annual registration fees (\$250 X 4)
- Generic Gaming Company Inc.: \$5,000 for annual registration fees (\$250 X 4 + \$1,000 X 4)
- Total: \$6,000

In December of 2021, the state legislature amended the Video Gaming Act ("VGA") to require "all" video gaming fees be shared equally between terminal operators and local establishments:

(230 ILCS 40/65)

Sec. 65. Fees. A non-home rule unit of government may not impose any fee for the operation of a video gaming terminal in excess of \$250 per year.

The cost of any fee imposed under this Act by any home rule unit of government or non-home rule unit of government shall be shared equally between the terminal operator and the applicable licensed establishment, licensed veterans establishment, licensed truck stop establishment, licensed large truck stop establishment, or licensed fraternal establishment under this Act.

(Source: P.A. 101-337, eff. 1-1-20; 102-689, eff. 12-17-21.)

This amendment was poorly written and we have researched the legislative history and discussed with both the Illinois Municipal League and representatives of the Illinois Gaming Board. While Section 65 caps non-home rule municipal fees at \$250.00 per terminal it did not expressly pre-empt home rule authority on the amount charged. It did pre-empt home rule authority as to the split of the fees charged, however. While the City could charge more than \$500 per terminal, the fees charged must be split equally between the terminal operator and the local establishment. As such, the city's currently licensing structure is not consistent with Section 65 of the VGA since the City currently imposes annual fees of \$250.00 per terminal on local establishments, while terminal operators must pay \$1,250.00 per terminal.

The proposed ordinance would revise the City's video gaming fees to ensure an equal split between terminal

operators and local establishments. The proposed ordinance would impose a \$500.00 annual license fee on both terminal operators and local establishments. The proposed ordinance would maintain the \$500.00 annual registration fee per terminal, with \$250.00 per terminal paid by terminal operators and \$250.00 per terminal paid by local establishments. Under the new ordinance, the fee breakdown would be as follows:

- Local establishments: \$250 per terminal annual registration fee + \$500 flat license fee
- Terminal operators: \$250 per terminal annual registration fee + \$500 flat license fee

To illustrate the new fee structure, if Bar X has 4 video gaming terminals that were operated by Generic Gaming Company Inc., the fee breakdown would be as follows:

- Bar X: \$1,500 for annual registration fees ($\$250 \times 4 + 500$)
- Generic Gaming Company Inc.: \$1,500 in annual registration fees ($\$250 \times 4 + 500$)
- Total: \$3,000

Update: Per Council's request the legal department researched other Illinois municipalities' video gaming license fees. A memorandum summarizing that research is attached. Note that many of the municipalities have calendar renewal year so the majority of licenses were renewed in December for 2022. Most communities have not yet addressed the December 2022 law.

NEIGHBORHOOD CONCERNS: None.

IMPACT IF APPROVED: The City will amend its video gaming fees to ensure compliance with state law with all fees split equally between terminal operators and local establishments.

IMPACT IF DENIED: The City's video gaming fees will remain noncompliant and may be unenforceable due to the State law's preemption.

ALTERNATIVES: N/A

EEO CERTIFICATION NUMBER: N/A

WHICH OF THE GOALS IDENTIFIED IN THE COUNCIL'S 2017 - 2032 STRATEGIC PLAN DOES THIS RECOMMENDATION ADVANCE?

1. Financially Sound City

WHICH CRITICAL SUCCESS FACTOR(S) FROM THE COMPREHENSIVE PLAN DOES THIS RECOMMENDATION IMPLEMENT?

1. Have an efficient government.

DEPARTMENT: Legal