


090649

DISTRICT #

VILLAGE OF LOMBARD  
REQUEST FOR BOARD OF TRUSTEES ACTION  
For Inclusion on Board Agenda

- Resolution or Ordinance (Blue) \_\_\_\_\_
- Recommendations of Boards, Commissions & Committees (Green) \_\_\_\_\_
- Other Business (Pink) \_\_\_\_\_

TO : PRESIDENT AND BOARD OF TRUSTEES

FROM: David A. Hulseberg, Village Manager 

DATE : October 6, 2009 B of T: October 15, 2009

SUBJECT: Video Gaming Ordinance

SUBMITTED BY: David Hulseberg, Village Manager

BACKGROUND/POLICY IMPLICATIONS:

Recommendation to adopt an ordinance prohibiting video gaming within the Village limits until the Illinois Gaming Board establishes official rules.

Fiscal Impact/Funding Source:

Review (as necessary):

Finance Director \_\_\_\_\_

Village Manager \_\_\_\_\_

Date \_\_\_\_\_  
Date 10/15/09

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the agenda distribution.

submit





**MEMORANDUM**

**TO:** William Mueller, Village President  
**FROM:** David A. Hulseberg, Village Manager *DH*  
**DATE:** October 15, 2009  
**SUBJECT:** Video Gaming

The prospect of video gaming in the State of Illinois has been a much publicized topic, which has been met with a great deal of attention. As part of the State of Illinois capital bill funding package, on July 13, 2009, the Governor signed into law the Video Gaming Act, which legalizes video gaming in certain liquor establishments, truck stops and fraternal/veterans clubs throughout the state.

**BACKGROUND:**

The first comprehensive capital program in Illinois since "Illinois FIRST" in 1999, "Illinois Jobs Now" is a \$3.1 billion program funded through video gaming. Secretary of the State fee increases, sales tax increases, road fund contributions, and federal and local matching funds. Of the State's funding obligation, 32% is achieved through \$300 million in estimated annual revenues from video gaming. Under the Video Gaming Act, the state receives a tax of 25% on video gaming operating revenues, and municipalities receive a tax of 5% on gaming revenues within their corporate limits. In addition, the municipality can impose a fee on video gaming terminals, subject to no limit.

Some municipalities have already prohibited video gaming in their jurisdictions, others plan to allow video gaming and other municipalities intend to wait until the rules have been promulgated. The Video Gaming Act mandates for the Illinois Gaming Board to develop and adopt emergency rulemaking within 60 days of July 13, 2009 for the purpose of implementing the provisions of the Acts. The emergency rules were supposed to be released on September 11, 2009; however, they have not yet been completed. Despite the rulemaking mandate, the Chairman of the Board has publicly indicated that it may take anywhere from 12-18 months, if not longer, to implement a rulemaking process. The Video Gaming Act does not indicate whether or not the municipality can impose stricter regulations on video gaming than what is set forth in the law. Once released, these rules may provide more discretion for municipalities to utilize in terms of regulating video poker. Such discretion could include municipal authority to limit the number of video gaming licenses to particular license classes.

**Current Restrictions**

The following is a summary of restrictions that are currently in place relative to video gaming:

- The gaming machines are allowed in any bar, restaurant, fraternal organization or veteran's organization possessing a valid liquor license to serve alcohol for consumption on the premises.
- Authorized establishments cannot be located within 100 feet of a school or place of worship.
- No more than five video gaming machines are allowed per authorized establishment.
- Video gaming terminals must be located in an area restricted to persons over 21 years of age and in the view of an employee.

The Village of Buffalo Grove and the Village of Addison have both passed ordinances to prohibit video gaming until such time where the Illinois Gaming Board has publicized the official rules. Similar to Buffalo Grove and Addison, staff believes that prohibiting video gaming until such time (where the rules have been promulgated) will allow the Village time to examine potential benefits and/or consequences of video gaming.

**RECOMMENDATION:**

Staff recommends that the Village Board approve the Ordinance, which prohibits video gaming within the municipal limits of the Village of Lombard, until such time the Illinois Gaming Board establishes official rules.

**AN ORDINANCE CONCERNING THE ILLINOIS VIDEO GAMING ACT**

**ORDINANCE \_\_\_\_\_**

WHEREAS, Public Act 96-34 (House Bill 255) created the Illinois Video Gaming Act, as further amended by Public Act 96-37 (House Bill 2424) and Public Act 96-38 (Senate Bill 349), (collectively the "Acts"), all of which were approved on July 13, 2009; and

WHEREAS, the Acts, although effective immediately upon approval, are subject to a rulemaking process to be undertaken by the Illinois Gaming Board (the "Board"); and

WHEREAS, the Acts mandate for the Board to develop and adopt emergency rulemaking within sixty (60) days of July 13, 2009, for the purpose of implementing the provisions of the Acts; and

WHEREAS, despite the rulemaking mandate, the Chairman of the Board has publicly indicated that it may take anywhere from twelve (12) to eighteen (18) months, if not longer, to go through the rulemaking process and implement rules in relation to the Acts; and

WHEREAS, in the interim, and in the absence of rulemaking adopted by the Board, the Village of Lombard desires that no licensed establishment (as that term is defined in the Acts), shall install any video gaming terminal (as that term is also defined in the Acts).

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DU PAGE COUNTY, ILLINOIS, as follows:

**SECTION 1:** The forgoing recitals are hereby made a part hereof as is fully restated herein.

**SECTION 2:** Absent the establishment of final rulemaking, promulgated and adopted by the Board in relation to the Acts, no video gaming terminal (as that term is defined in the Acts) shall be installed within any licensed establishment (as that term is defined in the Acts), pursuant to Section 27 (Prohibition of Video Gaming by Political Subdivision) of Public Act 96-34 (House Bill 255) within the Village of Lombard.

**SECTION 3:** Notwithstanding the foregoing, to the extent permitted by the Acts, the Village reserves the right to permanently prohibit video gaming within the corporate limits of the Village of Lombard, by ordinance, as set forth in Section 27 (Prohibition of Video Gaming by Political Subdivision), of Public Act 96-34 (House Bill 255), even after the Board promulgates and adopts final rules relative to the Acts.

**SECTION 4:** This Ordinance shall be in full force and effect from and after its passage, approval and publication in pamphlet form as provided by law.

Passed on first reading this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

First reading waived by action of the Board of Trustees this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

Passed on second reading this \_\_\_\_\_ day of \_\_\_\_\_, 2009, pursuant to a roll call vote as follows:

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_

Absent: \_\_\_\_\_

Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

William J. Mueller, Village President

ATTEST:

Brigitte O'Brien, Village Clerk

Published by me in pamphlet form this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

Brigitte O'Brien, Village Clerk