

CITY OF WAUKEGAN

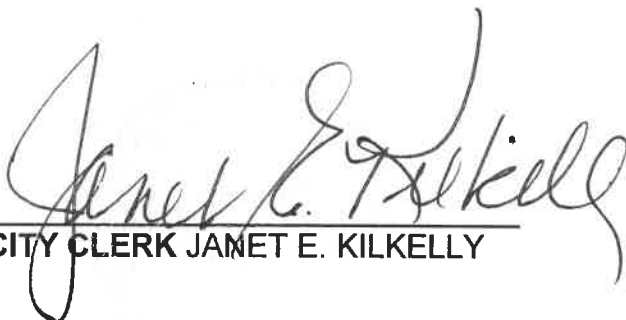
ORDINANCE NO. 22—O—219

**AN ORDINANCE AMENDING PROVISIONS OF THE WAUKEGAN CODE OF
ORDINANCES REGARDING CASINO FACILITIES AND CASINO GAMBLING**

**ADOPTED AND PASSED BY THE CITY COUNCIL
OF THE CITY OF WAUKEGAN**

**ON THE 21st
DAY OF NOVEMBER, 2022**

**Published in pamphlet form by authority of the City Council, of the City of
Waukegan, Lake County, Illinois, on the 22nd day of NOVEMBER, 2022**


CITY CLERK JANET E. KILKELLY

ORDINANCE NO. 22—O—219

AN ORDINANCE AMENDING PROVISIONS OF THE WAUKEGAN CODE OF ORDINANCES REGARDING CASINO FACILITIES AND CASINO GAMBLING

WHEREAS, the City of Waukegan (“*City*”) is an Illinois home rule municipality; and

WHEREAS, in 2019, the Illinois General Assembly adopted Public Act 101-0031 which authorized the issuance of an owner’s license to conduct casino gambling in the City of Waukegan; and

WHEREAS, in the fall of 2019, after an open request for qualifications/proposals process and a public hearing, the City of Waukegan adopted resolutions certifying three separate applicants to the Illinois Gaming Board (“*IGB*”) as potential operators for the Waukegan casino license, including Full House Resorts, Inc.; and

WHEREAS, in December of 2021, the IGB determined that Full House Resorts, Inc. was preliminarily suitable for the owner’s license designated for the City of Waukegan; and

WHEREAS, Full House Resorts, Inc. has created a wholly-owned subsidiary, FHR-Illinois LLC, (“*Developer*”) to develop and operate both a temporary and permanent casino gaming facility along with appurtenant and accessory buildings and improvements in the City of Waukegan (collectively, the “*Project*”); and

WHEREAS, on October 3, 2022, the City Council adopted Ordinance No. 22-O-174 that established and confirmed casinos as a permitted use in the City’s Western Gateway Redevelopment Overlay District; and

WHEREAS, in anticipation of the Developer’s opening of a casino in the City, it has been determined that certain provisions of the City’s Code of Ordinances should be amended and supplemented to specifically allow and provide for the operation of a casino gambling facility and accessory businesses expected to be developed as part of the Project; and

WHEREAS, the Mayor and the City Council have determined that it will serve and be in the best interest of the City and its residents to amend the City’s Code of Ordinances in the manner set forth herein;

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF WAUKEGAN, ILLINOIS, AS FOLLOWS:

SECTION 1. RECITALS. The foregoing recitals are incorporated into, and made a part of, this Ordinance as the findings of the Mayor and City Council.

SECTION 2. AMENDMENTS TO CODE OF ORDINANCES.

A. Chapter 3 of the City's Code of Ordinances, entitled "Alcoholic Beverages," is hereby amended as set forth in *Exhibit A*, attached to, and by this reference, made a part of this Ordinance.

B. Chapter 14 of the City's Code of Ordinances, entitled "Licenses and Miscellaneous Business Regulations," is hereby amended as set forth in *Exhibit B*, attached to, attached to, and by this reference, made a part of this Ordinance.

C. Section 15-46, entitled "Gambling," of Article II, entitled "Offences Against Morals," of Chapter 15 of the City's Code of Ordinances, entitled "Licenses and Miscellaneous Business Regulations," is hereby amended as set forth in *Exhibit C*, attached to, attached to, and by this reference, made a part of this Ordinance.

SECTION 3. REPEALER. All ordinances or resolutions or parts of ordinances or resolutions in conflict herewith, to the extent of such conflict, are hereby changed and amended to be in compliance with this Ordinance; and to the extent the same cannot be so amended, are hereby repealed to the extent of such inconsistency.

SECTION 4. EFFECTIVE DATE. This Ordinance shall take effect and be in effect after its passage and publication according to law.

[SIGNATURE PAGE FOLLOWS]

PASSED THIS 21st DAY OF NOVEMBER, 2022.

ORDINANCE NO. 22—O—219
CITY OF WAUKEGAN



MAYOR ANN B. TAYLOR

ATTEST:



CITY CLERK JANET E. KILKELLY

Ald Kirkwood recused himself from this item and left the room

ROLL CALL: Ald Florian, Ald Hayes, Ald Bolton, Ald Seger, Ald Moisio,
Ald Newsome, Ald Turner, Ald Rivera.

AYE: Ald Florian, Ald Hayes, Ald Bolton, Ald Seger, Ald Moisio, Ald Turner, Ald Rivera.

NAY: Ald Newsome.

ABSENT: None.

ABSTAIN: None.

EXHIBIT A

AMENDMENTS TO CHAPTER 3 – “ALCOHOLIC BEVERAGES”

[Additions are in **bold and double-underlined**; deletions are ~~struck through~~]

ARTICLE 1. – IN GENERAL

Sec. 3-2 Definitions.

* * *

Casino. The term “casino” means a facility at which lawful gambling is authorized pursuant to a temporary operating permit or owner’s license issued by the Illinois Gaming Board in accordance with the Illinois Gambling Act, 230 ILCS 10/1 *et seq.* and includes sports wagering conducted in accordance with the Illinois Sports Wagering Act, 230 ILCS 45/25-1 *et seq.*, and one or more accessory structures and accessory uses, including, without limitation, the gaming floor, sports betting areas, bars, lounge areas, theaters, and parking lots and structures.

Hotel. For the purposes of this chapter only, the term "hotel" shall mean: ~~means~~ **(1) any building or other structure kept, used, maintained, advertised and held out to the public to be a place where food is actually served and consumed, and sleeping accommodations are offered for adequate pay to travelers and guests, in which 24 or more rooms are used for the sleeping accommodations of such guests and having one or more public dining rooms where meals are served to such guests, such sleeping accommodations and dining rooms being conducted in the same building or buildings in connection therewith and such building or buildings, structure or structures being provided with adequate and sanitary kitchen and dining room equipment and capacity; or (2) any building or structure accessory to a casino, in which 20 or more rooms are kept, used, maintained, advertised and held out to be a place for sleeping accommodations to guests.** Such ~~Any such~~ hotel must have received a certificate of registration pursuant to the hotel occupancy tax requirements of section 20-77 *et seq.*, of the City of Waukegan, Illinois Code of Ordinances and each sleeping room shall have an individually accessible, private full bathroom.

* * *

Sec. 3-10. Classification of licenses.

There shall be the following classification of licenses:

* * *

(7) Class J—*Hotel license.*

- a. Authorizes the licensee to sell alcoholic liquor to the general public by the drink, for consumption on the premises where sold, and not for resale in any form.

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- b. Authorizes the licensee to place small, locked refrigerated units containing alcoholic beverages (commonly referred to as "mini-bars") in the guest rooms. Keys for said units may only be provided to hotel guests who are at least 21 years of age.
- c. The **Unless located in a hotel accessory to a casino, the** dining room of said a hotel must have a food menu in effect at all times that liquor is served in the dining room. Said menu must consist of complete meals prepared on the premises.
- d. If the hotel has a lounge, it shall be unlawful for any person under the age of 21 years to be present in said lounge. During those hours that liquor is being served in the lounge, a menu must be in effect. Such menu may be limited to hot appetizers prepared on the premises.
- e. The license shall only be available for premises defined as a hotel (full service) herein.
- f. The annual fee for a class J license shall be in an amount as set forth in section 3-55 of this chapter.

* * *

(11) Class Q. Class "Q" shall authorize the licensee to sell alcoholic liquor within a casino by the drink for consumption on the premises where sold and not for resale. Such class Q license shall also be governed by the following rules:

- a. A class Q license may only be issued to persons, firms, or corporations holding a casino owner's license or temporary operating permit (collectively, "owner's license") granted by the Illinois Gaming Board to conduct gambling operations pursuant to the Illinois Gambling Act or to persons, firms, or corporations contracted to operate a licensed premises within a casino.**
- b. Any class Q – Casino license shall be valid only during such periods as the licensee's casino owner's license or temporary operating permit remains in good standing and is not terminated, suspended, revoked, expired or non-renewed.**
- c. A single class Q – Casino license will include all serving areas located on or adjacent to the gaming floor or sports wagering areas of a casino, but shall not apply to any discrete restaurants, hotels, or entertainment venues operated accessory to a casino. All such accessory uses seeking to serve alcoholic liquor will be required to be separately licensed as individual premises in accordance with the operational character of the discrete accessory use.**
- d. Consumption of alcoholic liquor served by a class Q – Casino licensee shall be permitted:**
 - 1. Within all publicly-accessible portions of the casino which maintain limited and secure access points through which individuals may be**

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admitted and through which individuals may obtain egress under the supervision or control of the licensee or its designees; and

2. Within all other portions of the casino that are supervised by employees of the class Q – Casino licensee that have completed a state-certified beverage alcohol sellers and service education and training program; provided, however, that consumption of alcoholic liquor shall not be permitted in (a) parking lots and structures or (b) outdoor sidewalks and pedestrian walkways that convey pedestrians between parking lots and structures and the casino.

e. The annual fee for any class Q license shall be in an amount as set forth in section 3-55 of this chapter.

* * *

Sec. 3-23. - Entertainment.

(a) Entertainment shall be allowed for all licenses that allow for consumption of alcoholic liquor on the premises.

(b) Such entertainment shall conform to the following provisions:

(1) Entertainment shall be confined to a designated stage area that is separate from the audience or in a designated lounge area.

(2) Dancing by patrons and customers shall be allowed only in areas specifically designated for dancing.

(3) Entertainers at class A—Tavern establishments shall be at least 21 years of age.

(4) Entertainers may not solicit alcoholic beverages from customers or patrons of the establishment in which the entertainer is performing.

(5) Entertainment for purposes of this chapter may consist of live acts, such as vocal soloists or groups, instrumental soloists or groups or spoken word soloists or groups, disc jockeys, karaoke, and pay-per-view streamed events.

(c) Admission may be charged to the lounge only, at the lounge entrance itself, and only when entertainment is provided. No cover charge, admission charge, or other type of charge may be charged to enter the premises of a restaurant, unless a proper conditional use permit for designation as a nightclub has been obtained.

(d) No licensee shall allow the sale, modeling or display of lingerie, swimwear, or sexually explicit clothing on the licensed premises, with the exception of casinos holding a class Q – Casino license and hotels holding a class J – Hotel license, which may offer the sale of swimwear for use on the premises.

(e) No licensee shall allow entertainment of a sexual nature, including, without limitation, mud wrestling or wrestling in any other medium or erotic, topless or nude dancers.

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(f) Licensee shall notify the local liquor control commissioner or their designee at least five business days in advance of any entertainment, giving the name and nature of the entertainment and the timeframe in which the entertainment will take place at the licensee establishment. **This requirement shall not apply to the holder of a class Q – Casino license.**

Sec. 3-25. - Separate license required for each location.

- (a) A separate license must be obtained for each location desired by an applicant for a license under the provisions of this chapter. **Except as provided in subsection 3-25(c), no** No more than one license may be issued for any one licensed premises. **Except as provided in subsection 3-25(c), each** Each license for the sale of alcoholic beverages must be issued for a separate street address as determined by the address supplied by the applicant and confirmed by the local liquor commissioner, except that more than one license may be issued for one address, if no licensee is a landlord or tenant of any other licensee at the same address.
- (b) *Change of location.* A liquor license shall permit the sale of alcoholic liquor only on the premises described in the application and license. Such location may be changed only with submission of a new application along with required documentation.
- (c) **Licenses Accessory to a Class Q – Casino License. Separate licenses may be issued to the premises of a casino holding a Class Q – Casino license for each permitted accessory use including restaurants, hotels, and entertainment venues located on the property, even if all licensed premises share a common address.**

* * *

Sec. 3-28. - Employees.

- (a) No licensee or their representative, agent or employee shall employ or permit any person under the age of 21 years to act as their agent, barkeeper, clerk, servant, employee, or entertainer in or about any premises offering alcoholic beverages for sale, except as provided hereinafter.
- (b) This subsection shall not apply to those employees of a licensee whose business is not predominantly the sale of alcoholic liquor such as **casinos**, restaurants, clubs, hotels, bowling alleys, grocery stores, drugstores, and the like; provided the employee meets the following requirements:
- (1) That said employee is otherwise qualified by law for such employment;
 - (2) That said employee is at least 18 years of age;
 - (3) That said employee's duties are not solely related to or connected with the sale or dispensing of alcoholic beverages;
 - (4) That authorization for the sale or dispensing of alcoholic beverages is performed by an employee over the age of 21 years prior to the sale or dispensing occurs;
 - (5) That said employee is not employed at a class A—Tavern, or in a lounge, unless their duties are totally unrelated to the sale or dispensing of alcoholic beverages and their duties

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do not require such employee to be present in that area set aside for the consumption of alcoholic liquor.

* * *

Sec. 3-31. - Carrying of alcoholic liquor from the premises.

(a) It shall be unlawful for any person to carry any alcoholic liquor in an unsealed or opened container from the licensed premises where such alcoholic liquor was purchased.

(b) No licensee or employee of a licensee under this article shall permit any patron to violate this section nor continue to sell alcoholic liquors to any person knowing that such person intends to carry the alcoholic liquor from the licensed premises in an open or unsealed container.

(c) It shall be unlawful for any licensee, owner, manager, bartender, or any employee of said licensee to allow any patron to leave the licensed premises with open liquor.

(d) It shall be unlawful for any person to transport, carry, possess, or have any alcoholic liquor in or upon or about any passenger area of a motor vehicle in the city except in the original package and with the seal unbroken.

(e) Notwithstanding any other provision of this section, class E—Restaurant licensees and class Q – Casino licensees, may permit a patron to remove one unsealed and partially consumed bottle of wine for off-premises consumption, provided that, in the case of a class E – Restaurant license, the patron has purchased a meal and consumed a portion of the bottle of wine with the meal on the restaurant licensed premises. A partially consumed bottle of wine that is to be removed from the premises pursuant to this section shall be securely sealed by the licensee or an agent of the licensee prior to removal from the premises and placed in a transparent one-time use tamper-proof bag. The licensee or agent of the licensee shall provide a dated receipt for the bottle of wine to the patron.

(f) Notwithstanding the provisions of subsections (a), (b), and (c) of this section, patrons of premises with class Q – Casino licensees and class J-Hotel and class E – Restaurant licensees that are accessory to a casino may carry alcoholic liquor in an unsealed or opened container indoors from the licensed premises where such alcoholic liquor was purchased to another licensed premises that is part of such class Q – Casino licensed premises, accessory class J-Hotel licensed premises, and accessory class E-Restaurant licensed premises.

* * *

Sec. 3-32 Hours of Operation.

* * *

(a)(3) A holder of a casino owner's license that also holds a class Q - Casino license may sell alcoholic liquor or furnish or permit the same to be consumed on the licensed premises from 9:30 a.m. until 4:00 a.m. each gaming day (as defined in the Illinois Gambling Act). Any holder of an owner's license that does not conduct gambling operations 24 hours a day may sell alcoholic liquor or furnish or permit the same to be consumed on the premises from 9:30 a.m. until one hour prior to the licensee's

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close of gaming operations that Gaming Day, as set forth in 86 Illinois Administrative Code Section 3000.930. These permitted hours of operation will also apply to any licenses granted to restaurants, hotels, or entertainment venues located within a casino holding a class Q – Casino license.

* * *

(c) No person, except peace officers in the performance of law enforcement duties, the licensee and their employees or agents actually working, shall be present in a licensed premises between the hour of closing and the hour of opening as established in this section; provided, that if the license is issued for a business which is not predominantly for the sale of alcoholic liquor, such as hotels, casinos, bowling alleys, restaurants, clubs or retail stores, such licensee may keep their place of business open, subject only to the provisions that no sale or consumption by persons shall be permitted on the premises during the hours prohibited.

* * *

Sec. 3-55 Fees.

The following fees shall be collected as described in the foregoing chapter. Effective May 1, 2019, and every year thereafter, the base fees, not including violation penalties, shall be adjusted upwards annually by two and one-half percent.

For all new applicants filing an initial application with the City of Waukegan Local Liquor Commissioner for an initial liquor license, after November 1, but before April 1, the cost of the liquor license class fees shall be reduced by 50 percent for the license to expire on April 30 of the same fiscal year.

PENALTIES	
Any violation of minors possessing alcoholic beverages	Not less than \$150.00 nor more than \$750.00 per violation
Any other violation of this chapter	Not less than \$150.00 nor more than \$750.00 per violation
Social Host/Allowing persons under 21	\$750.00
LIQUOR LICENSE FEES	
Liquor License, Initial Application	\$1,000.00
Liquor License, Renewal	\$100.00

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Liquor License, Administrative Processing Fee for all Applications	\$100.00
Liquor License, Class Change	\$100.00
Liquor License, Change in Officer or Manager	\$100.00
Liquor License—Class A	\$2,250.00
Class A-1 and A-2 Subclasses (additional to base Class A Rate)	\$500.00
Class A-2 Craft Brewery	\$2,423.00
Class A-3 Craft Distillery	\$2,423.00
Class A-3 Subclass (additional to base Class A Rate)	\$500.00
Liquor License—Class B	\$1,750.00
Liquor License—Class C	\$2,250.00
Liquor License—Class C-1 Subclass (in addition to base Class C rate)	\$750.00
Liquor License—Class D	\$2,250.00
Liquor License—Class E	\$2,250.00
Liquor License—Class F	\$1,750.00
Class F-1 (additional to Class F Rate)	\$500.00
Liquor License—Class K	\$750.00
Liquor License—Class K-1 (in addition to base Class K rate)	\$1,250.00
Liquor License—Class J	\$2,250.00

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Liquor License—Class P	\$1,750.00
Liquor License—Class T	\$50.00 per day
Liquor License—BYO	\$750.00
<u>Liquor License – Class Q</u>	<u>\$17,500</u>
Late Fee	10% of base liquor license class rate

* * *

ARTICLE V. VIDEO GAMING LICENSE

Sec. 3-75. Definitions.

For the purposes of this article:

The Act shall mean the Video Gaming Act, 230 ILCS 40/1 et seq.

Establishment, or *licensed establishment*, shall mean any business licensed by the State of Illinois to have or operate a video gaming device pursuant to the Act within the corporate limits of the City of Waukegan, which has or has a pending application for a City of Waukegan Business License, which completely and accurately describes the business transacted upon the premises thereof. For the purpose of this Article V the terms "establishment" and "licensed establishment" exclude any casino operated by a licensed owner pursuant to the Illinois Gambling Act (230 ILCS 10/1 et seq.) and 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.).

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

Video gaming device or *terminal* shall be ascribed its meaning as defined in the Video Gaming Act (230 ILCS 40/1 et seq.) and any subsequent amendments thereto, but is generally defined as any electronic video gaming machine that, upon the insertion of cash, tokens, or other access device, is available to play or simulate the play of video gaming, including but not limited to video poker, line up, and blackjack, as authorized by the Illinois Gaming Board pursuant to the Act. For the purposes of this chapter, this term shall explicitly be broadened to include any machine that directly dispenses coin, cash, coupons, or tokens, or any other thing of value, or has any mode wherein any such thing of value is dispensed, or prizes awarded, but shall not mean an automatic amusement machine, as defined in section 14-111 of the City of Waukegan Code of Ordinances, as long as such automatic amusement machine cannot be played in such a manner as to dispense {00126668.8}

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any coin, coupon, token, prize, or thing of value. Notwithstanding any other provision of this Article V, the terms "video gaming device" or "video gaming terminal" does not include (1) any table game, gambling game, electronic video gaming machine, slot machine, or other game of chance, that is located and lawfully operated within a casino operated by a licensed owner pursuant to the Illinois Gambling Act (230 ILCS 10/1 et seq.), or (2) any sports wagering equipment including any sports wagering terminal or kiosk that is located within a facility, and lawfully operated by, a master sports wagering licensee (or its licensed management services provider) pursuant to the Illinois Sports Wagering Act (230 ILCS 45/25-1 et seq.).

All other terms shall have the same meanings as ascribed to them by the Illinois Video Gaming Act.

Sec. 3-76. Licenses required; maximum of six licensed terminals allowed.

- (a) The owner of any video gaming terminal shall obtain a license, for each such device, issued by the City of Waukegan.
- (b) It shall be unlawful for any person to install, keep, maintain, or use, or to permit the installation, keeping, maintenance or use upon the owner's premises of any video gaming terminal unless a valid license issued under this article for the video gaming terminal is in effect.
- (c) It shall be unlawful for any licensed location or establishment to have more than six licensed (or any number of unlicensed) video gaming terminals on its premises.
- (d) 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.
- (e) 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.

Sec. 3-76A. Terminal operator license required.

- (a) No person, firm or corporation shall own, service and/or maintain any video gaming terminal in the city without having first obtained from the city the proper license for each terminal operator. Applications for such terminal operator licenses shall be made in writing to the local liquor commissioner and applicant shall further provide a copy of any current license or licenses issued to application by the state under the Video Gaming Act, 230 ILCS 40.

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- (b) *Revocation.* Any terminal operator's license may be revoked by the local liquor commissioner at any time for any violation of any of the provisions of the City's Code of Ordinances, including without limitation, accounting for and payment of the push tax as described in section 3-95, or any applicable laws, rules or regulations of the state relating to the Video Gaming Act, 230 ILCS 40, and such revocation may be in addition to any fine imposed.
- (c) *Annual fee.* The license fees shall be paid for each fiscal year. For any license issued during the year, the license fee shall not be prorated.

The annual fee for the license required by this division shall be \$1,000.00, and shall be renewed annually, if desired. The fee shall be nonrefundable. No proration of such fee shall be permitted. Effective May 1, 2021, this fee shall be adjusted upwards annually by three percent per year for three years. This fee is in addition to and not in lieu of any fee or payment payable to the State or the Illinois Gaming Board.

- (d) 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 operator's license for any electronic gaming machines located and lawfully operated within a casino operating pursuant to the Illinois Gambling Act.
- (e) 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.

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EXHIBIT B

AMENDMENTS TO CHAPTER 14 - “LICENSES AND MISCELLANEOUS BUSINESS REGULATIONS”

[Added text **bold and double underlined**; deleted text ~~struck through~~]

CHAPTER 14, ARTICLE III, DIVISION 2. AUTOMATIC AMUSEMENT MACHINES¹

Sec. 14-111. Definitions.

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Amusement arcade means the operation by any person of 15 or more automatic amusement ~~game~~-machines upon premises solely within one enclosure and operated as the primary use of such enclosure. **The term "amusement arcade" does not include any casino operated by a licensed owner pursuant to the Illinois Gambling Act, 230 ILCS 10/1 et seq. or any sports wagering operation conducted by a master sports wagering licensee (or its management services provider licensee) pursuant to the Illinois Sports Wagering Act, 230 ILCS 45/25-1 et seq.**

Amusement/recreation facility means a group of four to 14 **automatic** amusement game machines in the same place, location or premises along with other recreational uses.

Automatic amusement machine means any mechanical, electrical or electronic machine or device, the operation of which is governed or controlled by the deposit of a coin or token, and may be operated by the public for use as a game, entertainment or amusement, the object of which is to achieve either a high or low score, which by comparison to the score of other players whether playing concurrently or not, demonstrates relative skill or competence, or indicates in any other way competitive advantage of one player or team over another, regardless of skill or competence; or the object of which is to provide a ride, sensation, visual entertainment or other type of entertainment. It shall include devices such as pinball machines or any device which utilizes a video tube to reproduce symbolic figures and lines intended to be representative of real games or activities. This definition shall not include any video gaming terminal or other machine defined under and controlled by the Illinois Video Gaming Act, 230 ILCS 40/1 et seq., **or any electronic video gaming machines or other electronic devices, including, without limitation, electronic slot machines and other games of chance, that are located and lawfully operated within any casino operated by a licensed owner pursuant to the Illinois Gambling Act, 230 ILCS 10/1 et seq.**

Primary or principal use as defined and interpreted by the zoning ordinance of the city. (The main purpose or activity for which the premises is designed, arranged or intended or for which it is occupied or maintained as distinguished from a secondary or accessory use.)

¹Cross reference(s)—Video gaming license, § 3-75Cross reference(s)— et seq.

Secondary or accessory use means as defined and interpreted by the zoning ordinance of the city. (Such use which is clearly incidental to, subordinate in purpose to and serves the principal use and either in the same ownership as the principal use or is clearly operated and maintained solely for the comfort, convenience, necessity or benefit of the occupants, employees, customers, or visitors of or to the principal use.)

Sec. 14-112. Liability of owners of machines and businesses.

The owner of the automatic amusement machine and the owner, manager or agent of the business where the automatic amusement machine is located shall be jointly and severally liable for compliance with this division.

* * *

Sec. 14-121. Gambling prohibited.

(a) The wagering of moneys, goods or merchandise for gambling upon the outcome of a test of skill in the operation of a device for which a license is required by this Division 2, specifically regarding automatic amusement machines, amusement/recreation facilities, and arcades, is prohibited.

(b) Nothing in this section shall be construed to prohibit the installation and operation of video gaming terminals under the terms of and pursuant to the Illinois Video Gaming Act, 230 ILCS 40/1 et seq. Video gaming terminals are permitted to be installed in establishments holding a valid State of Illinois and City of Waukegan Class A, AB, AL, AI-1, A2, A-3, C, D, DB, DN, E, G, GB, or GC, liquor license. In addition to the license required pursuant to the Illinois Video Gaming Act, each video gaming terminal shall also obtain a license from the City of Waukegan, pursuant to this Code as amended.

(c) Nothing in this section shall be construed to prohibit (1) the installation of gambling games including, without limitation, table games, electronic video gaming machines, slot machines or other electronic devices and games of chance, and (2) the conduct of gambling operations, in each case, at, or over the Internet or a mobile application on behalf of, a casino licensed and operated pursuant to the Illinois Gaming Act, 230 ILCS 10/1 et seq. while on the premises of the casino.

(d) Nothing in this section shall be construed to prohibit (1) the installation of sports wagering equipment, kiosks, systems or devices, and (2) the conduct of sports wagering operations, in each case, at, or over the Internet or a mobile application on behalf of, a master sports wagering licensee (or its management services provider licensee) pursuant to the Illinois Sports Wagering Act, 230 ILCS 45/25-1 et seq.

Sec. 14-122. Public nuisance prohibited.

No coin-operated amusement device automatic amusement machine shall be operated so as to constitute a public nuisance.

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EXHIBIT B

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CHAPTER 14, ARTICLE III, DIVISION 3. AMUSEMENT ARCADES

Sec. 14-136. Definitions.

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Amusement arcade means the operation by any person of 15 or more coin-operated automatic amusement devices as hereinafter defined, for public use and upon premises solely within one enclosure. The term "amusement arcade" does not include any casino operated by a licensed owner pursuant to the Illinois Gambling Act, 230 ILCS 10/1 et seq. or any sports wagering operation conducted by a master sports wagering licensee (or its management services provider licensee) pursuant to the Illinois Sports Wagering Act, 230 ILCS 45/25-1 et seq.

Coin-operated amusement device means any automatic amusement machine or device which is operated or put into operation in whole or in part by the insertion of a coin, token or similar object. The term does not include coin-operated musical devices, bona fide vending machines in which gaming or amusement features are not incorporated, any gambling device or slot machine. Nothing herein shall be construed to permit the use of any device prohibited by law or the use of any device in any manner prohibited by law. The term "coin-operated amusement device" does not include (1) any table game, gambling game, electronic video gaming machine, slot machine, or other game of chance, that is located and lawfully operated within a casino operated by a licensed owner pursuant to the Illinois Gambling Act (230 ILCS 10/1 et seq.), or (2) any sports wagering equipment including any sports wagering terminal or kiosk that is located within a casino, and lawfully operated by, a master sports wagering licensee (or its licensed management services provider) pursuant to the Illinois Sports Wagering Act (230 ILCS 45/25-1 et seq.).

* * *

CHAPTER 14, ARTICLE III, DIVISION 16. RAFFLES

Sec. 14-317. Raffle licensing; requirements, fees and regulations.

- (a) *Definitions.* All definitions contained in the Illinois Raffles Act cited above shall apply to this section, and in case of any conflict between the provisions of this section and the provisions of the Illinois Raffles Act shall control.

Business. A voluntary organization composed of individuals and businesses who have joined together to advance the commercial, financial, industrial and civil interests of a community.

Charitable. An organization or institution organized and operated to benefit an indefinite number of the public. The service rendered to those eligible for benefits must also confer some benefit on the public.

Educational. An organization or institution organized and operated to provide systematic instruction in useful branches of learning by methods common to schools and institutions of learning which compare favorably in their scope and intensity with the course of study present in tax-supported schools.

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Fraternal. An organization of persons having a common interest, the primary interest of which is to both promote the welfare of its members and to provide assistance to the general public in such a way as to lessen the burdens of government by caring for those that otherwise would be cared for by the government.

Labor. An organization composed of workers organized with the objective of betterment of the conditions of those engaged in such pursuit and the development of a higher degree of efficiency in their respective occupations.

Net proceeds. The gross receipts from the conduct of raffles, less reasonable sums expended for prizes, license fees and other reasonable operating expenses incurred as a result of operating a raffle.

Nonprofit. An organization or institution organized and conducted on a not-for-profit basis with no personal profit inuring to anyone as a result of the operation.

Raffle. A form of lottery, as defined in the Illinois Criminal Code of 1961, conducted by an organization licensed [under this] section of this Code of Ordinances, in which:

- (1) The player pays or agrees to pay something of value for a chance or ticket, represented and differentiated by a number or by a combination of number or by some other medium, one or more of which chances is to be designated the winning chance or ticket; and
- (2) The winning chance or ticket is to be determined through a drawing or by some other method based on an element of chance by an act or set of acts on the part of persons conducting or connected with the lottery, except that the winning chance shall not be determined by the outcome of a publicly exhibited sporting contest.

Notwithstanding any other provision of this section, the term "raffle" shall not include any game of chance lawfully conducted at any casino operated by a licensed owner pursuant to the Illinois Gambling Act, 230 ILCS 10/1 et seq. or any sports wagering lawfully conducted at any casino operated by a master sports wagering licensee (or its licensed management services provider) pursuant to the Illinois Sports Wagering Act (230 ILCS 45/25-1 et seq.).

Religious. Any church, congregation, society or organization founded for the purpose of religious worship.

Veterans. An organization or association comprised of members substantially all of whom are individuals who are veterans of military service, the primary purpose of which is to promote the welfare of its members and to provide assistance to the general public in such a way as to confer a public benefit.

- (b) *License required.* No person, firm or corporation shall conduct a raffle without having first obtained a license therefor pursuant to this section and the Illinois Raffles Act. Licenses issued pursuant to this section shall be valid for one raffle or for a specified number of raffles not to exceed 100 during a specified period not to exceed one year.
- (c) *Eligibility.* Licenses shall be issued only to bona fide religious, charitable, labor, business, fraternal, educational or veterans' organizations as defined in subsection (a) which operate

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without profit to their members and which have been in existence continuously for a period of five years immediately before making application for a license and which have had during that entire five-year period a bona fide membership engaged in carrying out their objectives, or to a nonprofit fundraising organization organized for the sole purpose or providing financial assistance to an identified individual or group of individuals suffering extreme financial hardship as the result of an illness, disability, accident, or disaster.

The following are ineligible for any license under this section:

- (1) Any person who has been convicted of a felony;
 - (2) Any person who is or has been a professional gambler or gambling promoter;
 - (3) Any person who is not of good moral character;
 - (4) Any firm or corporation in which a person defined in (1), (2) or (3) has a proprietary, equitable or credit interest, or in which such a person is active or employed;
 - (5) Any organization in which a person defined in (1), (2) or (3) is an officer, director or employee, whether compensated or not;
 - (6) Any organization in which a person defined in (1), (2) or (3) is to participate in the management or operation of a raffle as defined in the Illinois Raffles Act.
- (d) *Limitations.* Raffles are subject to the following limitations:
- (1) The aggregate retail value of all prizes awarded by a licensee in a single raffle under this section is limited to \$200,000.00.
 - (2) The maximum retail value of each prize awarded by a licensee in a single raffle is limited to \$100,000.00.
 - (3) The maximum price which may be charged for each raffle ticket issued or sold is limited to \$200.00.
 - (4) The maximum number of days during which chances may be issued or sold is limited to 180 days.
- (e) *Restrictions.* Raffles are subject to the following restrictions:
- (1) *Proceeds.* The entire proceeds of any raffle must be exclusively devoted to the lawful purposes of the organization permitted to conduct the raffle.
 - (2) *Participation in management.* No person except a bona fide member of the sponsoring organization may participate in the management or operation of the raffle.
 - (3) *Remuneration.* No person may receive any remuneration or profit for participating in the management or operation of a raffle.
 - (4) *Premises.* A licensee may rent a premises on which to determine the winning ticket or tickets in a raffle only from an organization which is also licensed under this section.
 - (5) *Locations.* Raffle tickets may be sold or issued only within the area specified on the license and winning tickets may be determined only at those locations specified on the license.

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- (6) *Age.* A person under the age of 18 years may participate in the conducting of raffles only with the permission of his or her parent or guardian. A person under the age of 18 years may be within the area where the drawings are held only when accompanied by his or her parent or guardian.
- (f) *Applications.* Applications for a license must contain the following information:
- (1) Name of applicant;
 - (2) Address;
 - (3) Purpose of raffle(s);
 - (4) Area(s) within the municipal boundaries of the city where the tickets will be sold;
 - (5) Time period(s) during which tickets will be sold or issued;
 - (6) Sworn statement attesting to not-for-profit character of the prospective licensee organization, signed by presiding officer and secretary of organization;
 - (7) Time(s) and location(s) within the city at which winning tickets will be determined;
 - (8) The aggregate retail value of all prizes or merchandise to be awarded at each raffle;
 - (9) The maximum retail value of each prize or each specific type of prize to be awarded by a licensee at each raffle;
 - (10) The maximum amount to be charged for each raffle ticket and the number of tickets to be issued for each raffle.

Application form may be obtained from the city collector's office.

- (g) *License fee.* The fee for a license to conduct a single raffle shall be \$25.00. The fee for an annual license to conduct a specific number of raffles up to a maximum of 100 raffles in a one-year period shall be \$50.00. No application for a license will be approved prior to receipt of the license fee.
- (h) *Raffle manager; bond.* All operation of and the conduct of raffles shall be under the supervision of a single raffles manager designated by the licensed organization. The manager shall give a fidelity bond in an amount determined by the city. Terms of the bond shall provide that notice shall be given in writing to the city not less than 30 days prior to its cancellation. The city council may waive this bond requirement by including a waiver provision in the license issued to an organization under this subsection, provided that a license containing such waiver provision shall be granted only by unanimous vote of the members of the licensed organization. (Per Illinois Raffles Act).
- (i) *Submittal and approval.* Applications may be filed in person or by mail at the city collector's office. Applications will be evaluated by the city council within 30 days of receipt by the city collector's office. An approved application for a license shall constitute the license for the conduct of the raffle applied for by the applicant. The failure of an applicant to fulfill the requirements of this section or the Illinois Raffles Act shall be the sole basis for a denial of the permit. In the event that any permit is denied for failure to comply with the requirements of this section or the Illinois Raffles Act, the city collector shall immediately notify the applicant of the reason for denial.

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(j) *Records.*

- (1) Each organization licensed to conduct a raffle shall keep complete records of its gross receipts, expenses and net proceeds for each single gathering or occasion at which winning tickets are determined. All deductions from gross receipts for each single gathering or occasion shall be documented with receipts or other records indicating the amount, a description of the purchased item or service or other reason for the deduction, and the recipient. The distribution of net proceeds shall be itemized as to payee, purpose, amount and date of payment.
 - (2) Gross receipts from the operation of each raffle shall be segregated from other revenues of the organization, including bingo gross receipts, if bingo games are also conducted by the same nonprofit organization pursuant to license therefor issued by the state department of revenue, and shall be placed in a separate account. Each organization shall have separate records of its raffles. The person who accounts for gross receipts, expenses and net proceeds from the operation of raffles shall not be the same person who accounts for other revenues of the organization.
 - (3) Each organization licensed to conduct raffles shall report in writing within 30 days after the conclusion of each raffle to its membership, and to the city collector's office, its gross receipts, expenses and net proceeds from raffles, and the distribution of net proceeds itemized as required in this subsection.
 - (4) Records required by this subsection shall be preserved for three years, and organizations shall make available their records relating to operation of raffles for public inspection at reasonable times and places.
- (k) *Violations.* Violations of this section shall be subject to enforcement under the city administrative adjudication ordinance, Ord. 00-O-134. The maximum penalty for a single violation shall be \$250.00.

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EXHIBIT C

AMENDMENTS TO SECTION 15-46 – “GAMBLING”

Chapter 15 – Offenses and Miscellaneous Provisions

Article II – Offenses Against Morals

Sec. 15-46. - Gambling.

(a) A person commits gambling when he:

- (1) Plays a game of chance or skill for money or other thing of value, unless excepted in subsection (b) of this section; or
- (2) Makes a wager upon the result of any game, contest, or any political nomination, appointment or election; or
- (3) Contracts to have or give himself or another the option to buy or sell, or contracts to buy or sell, at a future time, any grain or other commodity whatsoever, or any stock or security of any company, where it is at the time of making such contract intended by both parties thereto that the contract to buy or sell, or the option, whenever exercised, or the contract resulting therefrom, shall be settled, not by the receipt or delivery of such property, but by the payment only of differences in prices thereof; however, the issuance, purchase, sale, exercise, endorsement or guarantee, by or through a person registered with the secretary of state pursuant to section 8 of the Illinois Securities Law of 1953 (815 ILCS 5/8), or by or through a person exempt from such registration under such section 8, of a put, call, or other option to buy or sell securities which have been registered with the secretary of state or which are exempt from such registration under section 3 of the Illinois Securities Law of 1953 (815 ILCS 5/3) is not gambling within the meaning of this subsection (3); or
- (4) Knowingly owns or possesses any book, instrument or apparatus by means of which bets or wagers have been, or are, recorded or registered, or knowingly possesses any money which he has received in the course of a bet or wager; or
- (5) Sells pools upon the result of any game or contest of skill or chance, political nomination, appointment or election; or
- (6) Sets up or promotes any lottery or sells, offers to sell or transfers any ticket or share for any lottery; or
- (7) Sets up or promotes any policy game or sells, offers to sell or knowingly possesses or transfers any policy ticket, slip, record, document or other similar device; or

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(8) Knowingly drafts, prints or publishes any lottery ticket or share, or any policy ticket, slip, record, document or similar device, except for such activity related to lotteries, bingo games and raffles authorized by and conducted in accordance with the laws of this state or any other state or foreign government; or

(9) Knowingly advertises any lottery or policy game, except for such activity related to lotteries, bingo games and raffles authorized by and conducted in accordance with the laws of this state or any other state, or those specifically approved by the Waukegan City Council for charitable purposes; or

(10) Knowingly transmits information as to wagers, betting odds, or changes in betting odds by telephone, telegraph, radio, semaphore or similar means; or knowingly installs or maintains equipment for the transmission or receipt of such information; except that nothing in this subsection (a)(10) prohibits transmission or receipt of such information for use in news reporting of sporting events or contests.

(11) Knowingly establishes, maintains, or operates an Internet site that permits a person to play a game of chance or skill for money or other thing of value by means of the Internet or to make a wager upon the result of any game, contest, political nomination, appointment, or election by means of the Internet. This item (a)(12) does not apply to activities referenced in items (6) **and (14)** of subsection (b) of this section.

(b) Participants in any of the following activities shall not be convicted of gambling therefore:

(1) Agreements to compensate for loss caused by the happening of chance including without limitation contracts of indemnity or guaranty and life, health or accident insurance.

(2) Offers of prizes, award or compensation to the actual contestants in any bona fide contest for the determination of skill, speed, strength or endurance or to the owners of animals or vehicles entered in such contest.

(3) Pari-mutuel betting as authorized by the law of this state.

(4) Manufacture of gambling devices, including the acquisition of essential parts therefor and the assembly thereof, for transportation in interstate or foreign commerce to any place outside this state when such transportation is not prohibited by any applicable federal law; or the manufacture, distribution, or possession of video gaming terminals, as defined in the Video Gaming Act (230 ILCS 40 et seq.), as amended, by manufacturers, distributors, and terminal operators licensed to do so under the Video Gaming Act.

(5) The game commonly known as "bingo," when conducted in accordance with the Bingo License and Tax Act (230 ILCS 25/1 et seq.), as amended.

(6) Lotteries when conducted by the state in accordance with the Illinois Lottery Law (20 ILCS 1605/1 et seq.), as amended. This exemption includes any activity conducted by the Illinois Department of Revenue to sell lottery tickets pursuant to the provisions of the Illinois Lottery Law and its rules.

(7) Possession of an antique slot machine that is neither used nor intended to be used in the operation or promotion of any unlawful gambling activity or enterprise. For the purpose of this subsection (b)(7), an antique slot machine is one manufactured 25 years ago or earlier.

(8) Raffles when conducted in accordance the Raffles Act (230 ILCS 15/0.01 et seq.), as amended, and this Code as amended.

(9) Charitable games when conducted in accordance with the Charitable Games Act (230 ILCS 30/1 et seq.), as amended.

(10) Pull tabs and jar games when conducted under the Illinois Pull Tabs and Jar Games Act (230 ILCS 20/1 et seq.), as amended.

(11) Gambling games and other activities conducted ~~on riverboats~~ in casinos operated by a licensed owner ~~when authorized by~~ pursuant to the Riverboat Illinois Gambling Act (230 ILCS 10/1 et seq.), as amended.

(12) Video gaming terminal games at a licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans' establishment when conducted in accordance with the Video Gaming Act and this Code, as amended.

(13) Games of skill or chance where money or other things of value can be won but no payment or purchase is required to participate.

(14) Sports wagering conducted by a master sports wagering licensee (or its licensed management services provider) pursuant to the Illinois Sports Wagering Act (230 ILCS 45/25-1 et seq.), as amended.

(c) Gambling is a violation of this section.

(d) Penalty. A person who violates this section for the first time shall be punished by a fine of not less than \$100.00 plus costs. The court may also order a person found to have committed a violation to pay restitution or perform community service. A second or subsequent offense may be punished in accordance with 720 ILCS 5/28-1, as amended.

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