

**Memorandum
Office of the City Clerk**



To: Thomas Thomas, City Manager
Subject: Amendment to Video Gaming Terminal Fees
Date: February 26, 2013

On July 13, 2009, the Video Gaming Act (230 ILCS 40) was passed, which legalized the use of video gaming terminals in specific locations in Illinois. On January 18, 2010, the City Council approved an ordinance for amendments to Chapter 8, Sec. 8-97, license-duration-fee in regards to increasing various license fees and for the establishment of an annual license fee in the amount of \$250.00 per video gaming terminal. Prior to the passage of the ordinance, the proposal for the establishment of an annual \$250.00 fee per video gaming terminal was included in the list of items, which were approved by the City Council to be implemented to address the City's FY 2010/2011 budget deficit. In addition, with no State law enforcement agency assigned to monitor video gaming, it was anticipated that there would be an increase in services provided by the Rock Island Police Department in regards to responding to complaints and compliance concerning video gaming terminals.

Since that time and after much delay in regards to the State working out the details, 22 businesses in the City of Rock Island have applied to the State for video gaming and five establishments have become operational and received a City license. It is noted that Sec. 8-2 of the Code of Ordinances states that any license made after October 31st of any license year, shall be half of the stated fee for the remainder of that license year only. Each establishment that was issued a license paid \$125.00 per video gaming terminal for the 2012/2013 license year. It is noted that between these five establishments, there is a total of 17 video gaming terminals with fees totaling \$2,125.00. Various business owners, all five of which have become operational and some that are in the process have voiced concerns in regards to the annual \$250.00 fee per video gaming terminal being unreasonable and that other surrounding cities charge less than half of what the City of Rock Island requires.

Attached is a compiled list submitted by the Finance Department in regards to what other Home Rule municipalities charge for video gaming terminals. The list shows a wide range of fees and some municipalities do not charge a license fee. It is noted that the City of Moline charges \$50.00 per machine. The Finance Department also contacted Milan, which charges \$100.00 per video gaming terminal and Milan (non-home rule), which charges \$25.00 per machine. It is noted that a provision in the Video Gaming Act (230ILCS 40/65) states that a non-home rule unit of government may not impose any fee for the operation of a video gaming terminal in excess of \$25.00 per year. However, the Act does not set a limitation on a fee amount imposed by Home Rule municipalities. After much consideration, it is being recommended that the \$250.00 annual license fee per video gaming terminal be decreased to \$125.00 per video gaming terminal.

RECOMMENDATION:

It is recommended that the annual license fee of \$250.00 per video gaming terminal be decreased to \$125.00 per video gaming terminal effective May 1, 2013 and refer to the City Attorney for an ordinance.

Submitted by: Aleisha L. Patchin, City Clerk

Approved by: Thomas Thomas, City Manager

VIDEO GAMING LICENSE FEE

Survey Results

As of 02/13/13

HOME-RULE MUNICIPALITIES	COUNTY	COMMENTS
Aurora	Kane	No fees for businesses at this time; Distributors - \$250 application fee and \$1000 yearly license fee
Bartlett	Cook DuPage & Kane	\$25/machine
Bartonville	Peoria	\$15/first machine, \$10/additional (Amusement License)
Calumet City	Cook	\$75/machine
Chicago Heights	Cook	\$250/machine
Chicago Ridge	Cook	\$250 annual license fee; \$100/machine permit sticker
Collinsville	Madison/St. Clair	\$250/machine; \$500/establishment; \$1000/supplier
Danville	Vermilion	In the process of creating ordinance (possibly \$100)
Flora	Clay	\$35/machine; amusement license
Galesburg	Knox	Does not charge a licensing fee
Granite City	Madison	\$2000 annual license fee; \$25/machine sticker fee
Hoffman Estates	Cook	Businesses \$100/terminal; Suppliers \$500 annual fee (not based on number of businesses); renew w/ liquor license
Jacksonville	Morgan	\$35/machine (Amusement license)
Joliet	Will	\$50/machine
Kankakee	Kankakee	No fee at this time - looking into
Manhattan	Will	Does not charge a license fee
McCook	Cook	\$60/machine (Amusement license)
Moline	Rock Island	\$50/machine (Amusement license)
Monmouth	Warren	No fee at this time
Mt. Vernon	Jefferson	\$75/terminal
Normal	McLean	No fee at this time
Pekin	Tazewell	\$500/establishment
Peoria	Peoria	\$250/first machine; \$50 each additional machine
Peru	LaSalle	\$35/machine (Amusement license)
Quincy	Adams	Does not charge a license fee
Rock Island	Rock Island	\$250/machine
Schaumburg	Cook	Does not charge a video gaming license fee
Springfield	Sangamon	\$500/supplier; \$500/establishment; \$250/machine
Tilton	Vermilion	Does not charge a license fee (at this time)
Tuscola	Douglas	Does not charge a license fee
Urbana	Champaign	\$1000/terminal **CALL TO CONFIRM
Washington	Tazewell	\$500/establishment; \$25/terminal
Watseka	Iroquois	\$50/machine
Waukegan	Lake	\$150/machine
Woodridge	Dupage	\$75/machine (Amusement license)