

# Request For Board Action

REFERRED TO BOARD May 2, 2016

AGENDA ITEM NO: 7 & 8

ORIGINATING DEPARTMENT: Administration

**SUBJECTS:**

Consideration of a Resolution Petitioning the General Assembly of the State of Illinois to Consider Modifications to Video Gaming Laws – *Resolution No. 16-27*

Consideration of an Ordinance Amending §4-2B-14 of the Municipal Code of Antioch Establishing Procedures for the creation of liquor licenses – Ordinance No. 16-05-13

**SUMMARY AND BACKGROUND OF SUBJECT MATTER:**

Attorney Long drafted a memo which was discussed at the April 13, 2016 Committee of the Whole meeting relating to video gaming. The memo addressed local distributions of video gaming funds, local authority over licensing, the adoption of a formal process for petitioners requesting a liquor license and a program to audit 60/40 restaurant licenses.

Based on discussions at the Committee of the Whole meeting, and feedback from the Village Board, the attorney has drafted the proposed resolution and ordinance in order to address these issues.

**FINANCIAL IMPACT:** None

**DOCUMENTS ATTACHED:**

1. Resolution
2. Ordinance

**RECOMMENDED MOTION:**

**Move to** accept as presented a Resolution Petitioning the General Assembly of the State of Illinois to Consider Modifications to Video Gaming Laws

**Move to** accept the first reading of an Ordinance Amending §4-2B-14 of the Municipal Code of Antioch Establishing Procedures for the creation of liquor licenses.

**RESOLUTION 2016 - \_\_\_\_\_**

**A RESOLUTION PETITIONING THE GENERAL ASSEMBLY  
OF THE STATE OF ILLINOIS TO CONSIDER MODIFICATIONS  
TO VIDEO GAMING LAWS**

**WHEREAS**, the State adopted a comprehensive video gaming law several years ago, and

**WHEREAS**, the Village has now had the benefit of a little over two years' experience in the operations of such gaming businesses, and

**WHEREAS**, the Village is a border community, sharing its northern boundary with the State of Wisconsin which does not permit video gaming presently, and

**WHEREAS**, it is apparent that video gaming is a highly lucrative venture, and

**WHEREAS**, the Village has experienced significant interest among a large number of applicants seeking to secure liquor licenses in order to qualify for the gaming licenses, and the proximity to non-gaming Wisconsin is a clear factor in that interest, and

**WHEREAS**, the Village Board and Village Staff have repeatedly been approached with proposals to create new liquor licenses for businesses that amount to little more than storefronts that serve a few cold sandwiches and a few bottles of wine a week but offer video gaming, and

**WHEREAS**, the Village Board finds that such small-scale gambling parlors contribute little, if anything, of value to the community, but rather serve to feed gambling addictions of susceptible people, and

**WHEREAS**, the Village Board finds that it is hampered in considering the applications of other, more worthy businesses, such as quality restaurants because of the concern that creating a liquor license for a proposed business can change into a license for a gambling parlor quickly and without adequate local regulatory oversight powers, and

**WHEREAS**, the Village Board respectfully submits that certain structural changes to the state's gaming laws should be considered by the General Assembly,

**NOW THEREFORE, BE IT RESOLVED** by the Village of Antioch, Lake County, Illinois, as follows:

**SECTION ONE: (Siting Authority)** At the present time, there is no local siting authority for video games. If a pouring license is given to a liquor seller, that establishment qualifies to apply for a gaming license without further input from the Village. While the Village greatly respects the work of the State Gaming Board in screening applicants, that does not address local concerns over the proliferation and location of such sites. Allowing local siting authority to the statute would provide a reasonable local balance to the businesses.

**SECTION TWO: (Profit Split)** The current split of net profits from the gaming needs to be reconsidered. Currently, the licensee gets 35%, the distributor gets 35%, the State gets 25% and the municipality or county gets 5%. While there was a clear initiative to provide adequate profit to the middlemen during the initial rollout of the games statewide, it is submitted that the distributor's share vastly exceeds their costs to the point of being unreasonable. The local community is the first point policing agency for all liquor license-related issues, with the Gaming Board behind them on gaming alone. And, the local community is most clearly impacted by gaming additions and related issues such as domestic disputes. Yet the local municipality is given the least resources. It is submitted that changing the distributors' shares downward while boosting local revenues to 10% would go a long way toward making the distribution of profits more equitable and ensuring the availability of resources to the local jurisdictions.

**SECTION THREE: (Addiction Counseling Funding)** In addition to the foregoing, it is further submitted that taking an additional 2% of the distributors' fees and providing that revenue to addiction counseling would be a great benefit to families across Illinois. The current funding is clearly inadequate to deal with the greatly expanded opportunities to develop gaming additions through the incredible growth of the gaming industry.

**SECTION FOUR: (License Fees)** A non-home rule community is only allowed to charge license fees of \$25.00 per machine annually. Home rule communities appear to be charging as much as \$1,000.00 per machine. There is no discernible difference in the impact on gaming in home rule and non-home rule communities. It is submitted that all communities be allowed to charge fees that they deem appropriate in their locale or that a more reasonable fee be allowed and set across the board.

**SECTION FIVE: (Liquor Auditing Powers)** There is currently unclear authority in the Illinois Liquor Code on the power of local liquor commissioners to conduct audits of restaurant licenses. Typically, such licenses are supposed to ensure that genuine restaurants are established, rather than bars that serve a small quantity of food. Many of the storefront gaming businesses have so called 60/40 licenses, but they actually serve next to no food. Providing clear authority to the local commissioner to audit restaurant licensees would ensure that the local municipalities can be reasonably sure that they will actually get genuine restaurants when they create 60/40 licenses.

**SECTION SIX:** This resolution shall take effect immediately upon passage.

PASSED BY THE BOARD OF TRUSTEES OF THE VILLAGE OF ANTIOCH, ILLINOIS,  
ON THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2016.

ATTEST:

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LAWRENCE M. HANSON, MAYOR

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LORI K. FOLBRICK, VILLAGE CLERK

**ORDINANCE 16 - \_\_\_\_\_**

**AN ORDINANCE AMENDING §4-2B-14 OF THE MUNICIPAL CODE OF ANTIOCH ESTABLISHING PROCEDURES FOR THE CREATION OF LIQUOR LICENSES**

**WHEREAS**, the Village Board holds the power to create liquor licenses under the Antioch Liquor Code and the Illinois Liquor Control Act, and

**WHEREAS**, it is the policy of the Village Board to maintain the strictest possible control over the number of liquor licenses that are created for the protection of the health and well-being of the community, and

**WHEREAS**, the State's actions in allowing video gaming to be installed in establishments with pouring liquor licenses has resulted in an unanticipated growth of applications to the Village Board to create licenses, and

**WHEREAS**, the Village Board has, until the present, not established formal rules for applicants to follow in seeking the creation of liquor licenses, and

**WHEREAS**, the growth of applications has made it abundantly clear that a process needs to be set in place whereby the Village Board can reasonably know what the applicant wants, what the applicant intends to deliver and whether creating a license is in the best interests of the community, and

**WHEREAS**, the expansion of applications has resulted in demands for staff time and the time of the elected officials in reviewing and considering such applications, making it appropriate to charge a fee for such an application,

**NOW THEREFORE, BE IT ORDAINED** by the Village of Antioch, Lake County, Illinois, as follows:

**SECTION ONE:** Section 4-2B-14 of the Antioch Municipal Code is hereby amended in its entirety, and it shall hereafter read as follows (additions underlined, deletions in ~~strikeout~~):

**4-2B-14: NUMBER OF LICENSES / LICENSE CREATION PROCESS:**

**A. EXISTING LICENSES**

- 1.** The village clerk, serving as the administrative assistant to the liquor commissioner, shall maintain a current list of all authorized licenses, and shall report to the village board promptly at any time there is any change in the number of such licenses, irrespective of the reason for the change.

- B. 2.** In the event any license(s) shall be revoked by final administrative action of the liquor commissioner, and any appeals to the Illinois liquor commission or the courts of this state

shall have been exhausted, such license(s) shall be automatically void and the village clerk shall decrease the number of authorized licenses by the number of such revoked license(s).

~~C-3~~ In the event any license(s) shall be allowed to lapse through nonrenewal, relinquishment or otherwise, such license(s) shall be automatically void and the village clerk shall decrease the number of authorized licenses by the number of such revoked license(s).

**B. LICENSE CREATION.**

1. The Village Board has the sole power to create licenses upon such terms and conditions as it deems fit, pursuant to law.
2. A person or corporation seeking to have a license created shall submit a sworn petition on a form to be supplied by the Village Clerk.
3. An applicant shall be required to submit not less than 12 copies of the following documents:
  - a. A lease, deed, or other document demonstrating that the applicant has, or will have, the right to establish the proposed business in a properly zoned location;
  - b. A site drawing showing the exterior of the proposed location, together with parking and all necessary site improvements to meet applicable exterior codes, such as ADA and the Illinois Accessibility Code;
  - c. A drawing of the interior of the proposed location, at a minimum in planar view, but preferably accompanied by concept drawings showing the interior and a general idea of the layout, decoration, seating, bathrooms, kitchen (if applicable) and the like;
  - d. For restaurants, a proposed menu showing not only representative food choices, but reasonably anticipated price points;
  - e. An application fee of \$500.00, which shall be non-refundable, but which shall be applied toward the initial license fees in the event a license should be created by the Village Board and the applicant awarded the license by the local Liquor Commissioner.

**SECTION TWO:** This Ordinance shall be in full force and effect from and after its passage, approval and publication as required by law.

PASSED BY THE BOARD OF TRUSTEES OF THE VILLAGE OF ANTIOCH, ILLINOIS,  
ON THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2016.

ATTEST:

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LAWRENCE M. HANSON, MAYOR

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LORI K. FOLBRICK, VILLAGE CLERK