

**AN ORDINANCE CONCERNING VIDEO GAMING
AND CLASS "GA" AND "GC" LIQUOR LICENSES**

WHEREAS, the City of Rolling Meadows, as a home rule unit of local government as provided by Article VII, Section 6(a) of the Illinois Constitution of 1970, has the authority to exercise any power and perform any function pertaining to its government and affairs including the power to regulate for the protection of the public health, safety, morals, and welfare; and

WHEREAS, pursuant to the Liquor Control Act of 1934 (235 ILCS 5/1-1 *et seq.*) and its home rule authority, the City has created a system of licenses to authorize and regulate the sale of alcoholic beverages within the City, said licenses not conferring a property right but each license instead representing a personal privilege expiring yearly and with no guarantee of renewal; and

WHEREAS, the Video Gaming Act (230 ILCS 40/1 *et seq.*) allows an establishment that serves alcoholic liquor for consumption on the premises to obtain a license to operate video gaming terminals, and

WHEREAS, Ordinance No. 20-31 created "GA" (Gaming Accessory) and "GC" (Gaming Café) license classifications to locally authorize the operation of gaming terminals, respectively, as an activity accessory to a restaurant and as the principal activity at an establishment; and

WHEREAS, the number of establishments engaged in video gaming activity has reached its lowest point since the passage of Ordinance No. 20-31, and the City Council has determined that it is in the best interest of the City and its residents to continue to reduce video gaming activity within the City; and

WHEREAS, the City Council therefore desires to prevent the issuance of future Gaming Café licenses, the expansion of existing Gaming Café licenses, and transfers in ownership of existing Gaming Café licenses, such that Gaming Café licenses will be eliminated through attrition at the time that the current operators of each establishment choose to cease operations; and

WHEREAS, the City Council further desires to restrict the issuance of future Gaming Accessory licenses to restaurants that have demonstrated their business model is not dependent upon supplemental revenue from video gaming; and

WHEREAS, the City desires to update, consolidate, and clarify the various regulations within the City Code that apply to video gaming in order to improve their administration, enforcement, and ease of use as well as to reflect current practices and conditions; and

WHEREAS, the Corporate Authorities of the City of Rolling Meadows have therefore determined that it is in the best interest of the City and its residents to amend the Municipal Code as set forth herein.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Rolling Meadows, Illinois:

Section 1: The recitals set forth above are incorporated herein by reference as the findings of the Corporate Authorities.

Section 2: Section 6-36, entitled "Classification of licenses for retail sale," of Article II, entitled "Licenses," of Chapter 6, entitled "Alcoholic Beverages" of the Rolling Meadows Municipal Code shall be and is hereby amended to read as follows [additions are **bold and underlined** and deletions are ~~struck through~~]:

"Sec. 6-36. - Classification of licenses for retail sale.

* * *

(k) Class GA (Gaming Accessory) license is a supplemental license that shall authorize a license holder of a Class A1, Class A2, Class A3, or Class D license, in good standing, to operate on the licensed premises video gaming devices that are incidental to the primary use of the premises; subject to the following:

(1) ~~Video gaming cafe/video gaming lounges may not operate under a class GA license.~~ **Accessory License to Restaurant Only.**

i. The primary or major focus of a class GA establishment shall be the service of alcohol and/or food and video gaming must be incidental to the service of alcohol and/or food.

ii. **The establishment must maintain customer seating outside of the gaming area but within the premises at a ratio of at least five seats for each permitted video gaming terminal. An establishment may have up to a maximum of six terminals.**

a. **Exception: An establishment that received a GA license prior to June 18, 2024 may maintain a lesser number of seats, but may not further reduce the ratio of customer seating to video gaming terminals that existed as of said date.**

iii. Effective January 1, 2025, the net terminal income generated at the establishment from video gaming cannot exceed 70% of the total food and beverage revenues generated by the establishment, as evidenced by the establishment's City food and beverage tax returns. Each calendar month in which the establishment exceeds this maximum ratio constitutes a separate and distinct offense.

(2) New License Requirements. A new applicant for a Class GA license is ineligible if, after June 18, 2024, the applicant already applied for or obtained a video gaming license from the Illinois Gaming Board without first applying for and obtaining a Class GA license from the City. Any new applicant for a class GA license must either:

- i. Have been in operation at its current location for at least 12 months at the time the application is filed; or
- ii. Satisfy all of the following criteria: (a) Be the current majority owner of an existing business at another location, whether within or outside the City, that has been in operation for at least 12 months; (b) the business model for the new establishment is proposed to replicate the existing business location and includes video gaming; and (c) the applicant can provide satisfactory evidence detailing that in the last 12-month

period video gaming net terminal income at the other business location did not exceed 70% of the location's total food and beverage revenues.

~~(2)~~ **(3) Floor Plan Requirements.**

- ~~i.~~ It is required that the The video gaming area of a GA-licensed establishment must be separated from the other area of the establishment by a partition wall consisting of (a) a four-foot solid and permanent/stable material such as wood, paneling, or finished or painted dry wall visual barrier for the lower half and (b) lattice or design blocks for the upper half.
- ~~ii.~~ By each video gaming machine there must be a table, cabinet, or shelf so drinks and food are not placed on the floor or on the machine.

~~(3)~~ **(4) Hours of Operation.** The operation of video gaming terminals shall be not be permitted during the hours alcoholic liquor sales are prohibited or at any time when the establishment is not offering the sale of a complete, prepared hot meals that may be eaten at a table within the establishment.

~~(4)~~ There shall be no more than 12 GA-licensed establishments in the City of Rolling Meadows at any one time. This cap on the number of GA-licensed establishments shall in no way obligate the city to grant, or limits its ability to deny, a GA license, even if the

~~city has not reached this designated cap on GA-licensed establishments.~~

~~(5) A class GA-licensed establishment must have a video gaming license issued by the Illinois Gaming Board in accordance with the provisions of the Video Gaming Act (230 ILCS 40/1 et seq.) prior to the application for a class GA license with the city and shall comply with all provisions of the Illinois Video Gaming Act and all rules, regulations and restrictions imposed by the Illinois Gaming Board.~~

~~(6) **(5) Automatic Revocation.** The loss of the establishment's class A1, class A2, class A3, or class D license, results in the loss of the class GA license.~~

~~(7) **(6) No Motor Fuel Sales.** Motor fuel may not be sold by any class GA license holder.~~

(I) Class GC (Gaming Cafe) license shall authorize the retail sale of alcoholic liquor in video gaming cafes/video gaming lounges for consumption on the premises, and authorize the operation of video gaming devices upon the licensed premises, subject to the following:

~~(1) A class GC-licensed premises shall only be located in the C-1, C-2 or C-3 commercial zoning district of the city, and in the geographic areas described in the City's Zoning Ordinance and identified on the Gaming License Map maintained by the city. A maximum of five (5) video gaming cafes may operate within the City.~~

~~(2) Each GC licensed premises shall comply with all regulations set forth in the City's Zoning Ordinance.~~

~~(3) Window and door signage on a GC licensed establishment shall not take up more than 30 percent of the gross area of each window and door. All other signs shall comply with all city sign regulations.~~

~~(4) The city shall issue no more than five (5) class GC licenses. This cap on the number of GC licensed establishments shall in no way obligate the city to grant, or limits its ability to deny, a GC license application, even if the city has not reached this designated cap on GC licensed establishments.~~

~~(5) There shall be no more than one (1) GC licensed establishment in any commercial building designated to accommodate multiple businesses.~~

~~(6) The GC licensed establishment must maintain a commercial-grade cooking device and the beverage and food offerings of a GC licensed establishment shall include a variety of non-alcoholic beverages and food items, in accordance with the regulations set forth in the City's Zoning Ordinance.~~

(1) No New Licenses. The regulations provided in this subsection apply only to establishments holding a GC license as of June 18, 2024. As of June 18, 2024, no new establishment may apply for or receive a Class GC license, it being the intent of the City Council to eliminate existing Class GC licenses through attrition as each establishment chooses to cease

operations or the existing GC licenses are surrendered, canceled, revoked or are otherwise terminated.

(2) Maximum Number of Terminals. A Class GC (Gaming Café) establishment may operate up to a maximum of six video gaming terminals.

(3) Required Food and Beverage Service. At all times when the establishment is opening to the public, the establishment must:

- i. Maintain one or more commercial-grade cooking device(s), including at least one or a combination of full-sized commercial grade ovens, grills, fryers, or ranges capable of preparing made-to-order hot items on the menu. Countertop equipment, food warmers and other holding and warming equipment are not sufficient on their own to meet this requirement.
- ii. Offer a variety of non-alcoholic beverages and a minimum of ten hot food items. No less than five hot food items must be prepared from scratch in the establishment and may not be pre-packaged and/or pre-prepared. An example of pre-packaged would be a pre-cooked breakfast sandwich that is reheated. An example of pre-prepared is a frozen

pizza that is reheated in a standard or convection oven.

- iii. Offer substantially the specific menu of all food offerings must be submitted as part of the establishment's license renewal application and will be subject to approval approved by the mayor, as the local liquor commissioner. The establishment may modify its menu from time to time with the written approval of the Local Liquor Commissioner.

~~(7) A class GC licensed establishment must have a video gaming license issued by the Illinois Gaming Board in accordance with the provisions of the Video Gaming Act (230 ILCS 40/1 et seq.) prior to operation of the establishment and shall comply with all provisions of the Illinois Video Gaming Act and all rules, regulations and restrictions imposed by the Illinois Gaming Board.~~

~~(8) (4) Floor Plan Requirements.~~

- ~~i. All video gaming cafes must have a minimum gross square footage of at least 1,200 square feet in size, with no more than 30 percent of the gross square footage occupied by video gaming machines and surrounding space.~~
- ~~ii. It is required that the The video gaming area of a GC-licensed establishment must be separated from the other area of the establishment by a partition wall consisting of (a)~~

a four-foot solid and permanent/stable material such as wood, paneling, or finished or painted dry wall visual barrier for the lower half and **(b)** lattice or design blocks for the upper half.

iii. By each video gaming machine there must be a table, cabinet, or shelf so drinks and food are not placed on the floor or on the machine.

~~(9)~~ **(5) Hours of Operation.** The operation of video gaming terminals shall be not be permitted during the hours alcoholic liquor sales are prohibited.

~~(10)~~ A special use permit shall be required in order to operate a class GC licensed establishment.

~~(11)~~ At the time of the class GC licensee's application for a subsequent renewal license and no sooner than nine months after the establishment has been in operation, the GC licensed establishment shall have the opportunity to present information to the city manager indicating the establishment is not operating as a video gaming cafe as set forth in section 6-34(12) of the City Code and the City's Zoning Ordinance, but instead operates with video gaming as an accessory to the establishment. The information must be presented to the city manager at least 30 days prior to the issuance of the renewal license and must be supported by credible evidence establishing that the premises is not primarily used for video gaming, and must include financial information regarding

~~revenues allocated to gaming and revenues allocated for food and beverage. If the evidence presented clearly shows that the establishment is not operating as a video gaming cafe, the city manager will provide a written recommendation to the mayor, as the local liquor commissioner, that such license be converted to a class GA license. The local liquor commissioner shall make the final determination as to whether the renewal license shall be granted under the class GA license or the class GC license.~~

~~(42) **(6) No Motor Fuel Sales.** Motor fuel may not be sold by any class GC license holder.~~

(7) Expiration of License. A Class GC license will expire immediately and be ineligible for renewal if video gaming in the establishment ceases to be open to the public and operating for a continuous period of 21 calendar days, including weekends and holidays, and regardless of any intent to resume or not to terminate the operation of video gaming in the establishment. This provision does not apply where the closure is due to:

- i. **Loss by fire, collapse, explosion, or other casualty;**
- ii. **The cause of any Federal, state, or local disaster declaration, or as a result of any emergency order issued in response to a declared disaster;**
- iii. **A suspension of the subject license pursuant to this Chapter 6; or**

- iv. Any planned closure due to construction, provided that such work is authorized by an unexpired building permit and construction is diligently pursued to completion during the closure.

(8) Change of Ownership.

- i. Every change in the ownership of a GC licensed establishment shall be reported in writing to the Liquor Commissioner and approved in writing by the Liquor Commissioner.
- ii. A GC license shall terminate immediately and without the possibility of renewal if an aggregate total of 50% or more of the beneficial ownership of the GC license has changed when compared to the licensee's stated owners for the 2024 license year.

* * *

Section 3: Section 6-34, entitled "Application contents and procedure," of Article II, entitled "Licenses," of Chapter 6, entitled "Alcoholic Beverages" of the Rolling Meadows Municipal Code shall be and is hereby amended to delete in its entirety subsection (12), pertaining to additional application requirements for GA and GC licenses, and to adopt a new subsection (12) as follows:

"Sec. 6-34. – Application contents and procedure.

* * *

(12) Public Hearing for Class GA (Gaming Accessory) Licenses.

- (A) **Public Hearing Requirement.** Upon the transmittal of a recommendation of the Local Liquor Commissioner concerning an increase to the number of available Class GA (Gaming Accessory) licenses, the City Council will conduct a public hearing to consider the advisability of increasing the number of licenses.
- (B) **Form of Notice.** Notice of the hearing will be given by the City between 30 and 15 days in advance of the hearing date by both: (i) publication in a newspaper having a general circulation in the City; and (ii) by giving notice by first class U.S. mail to the owners of all properties within 300 feet, including public properties and rights-of-way, of the subject property of the Local Liquor Commissioner's recommendation. Notice to owners will be sent to addresses identified for the mailing of property tax statements by the office of the Cook County Clerk. Notices will be deemed given as of the day the notice is deposited in the mail.
- (C) **Action upon Recommendation.** The City Council may consider an ordinance amending the City Code to increase the number of GA licenses no sooner than the next meeting of the City Council following the conclusion of the public hearing."

Section 4: The Planning and Zoning Commission is hereby directed to hold a public hearing to consider and make a recommendation on repealing (deleting)

the following provisions of the City's Zoning Regulations and any other amendments thereby made necessary or desirable:

- A. The entirety of Section 122-86, entitled "video gaming cafés."
- B. The definitions of "video gaming, accessory to permitted or accessory restaurants or bars;" "video gaming café;" "video gaming establishment;" and any other definition pertaining to video gaming in Section 122-42, entitled "Definitions."
- C. The classification and minimum required parking ratio for "video gaming cafés" in Section 122-163, entitled "Off-street parking ratio requirements."
- D. Any other provision of the Zoning Regulations pertaining to video gaming.

The notice and holding of such hearing shall be given as required by law within 90 days after the effective date of this Ordinance, and this Section shall be deemed a referral of this text amendment to the Planning and Zoning Commission pursuant to Section 122-86.

Section 5: If any provision of this Ordinance or part thereof is held invalid by a court of competent jurisdiction, the remaining provisions of this Ordinance shall remain in full force and effect, and shall be interpreted, applied, and enforced so as to achieve, as near as may be, the purpose and intent of this Ordinance to the greatest extent permitted by applicable law.

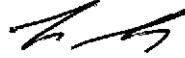
Section 6: This Ordinance shall be in full force and effect from and after its passage, approval, and publication in pamphlet form in the manner provided by law.

PASSED AND APPROVED by the City Council of Rolling Meadows, Cook
County, Illinois this 18th day of June, 2024.

AYES: Budmats, Vinezeano, Boucher, Reyez, Koehler

NAYS: O'Brien

ABSENT: McHale



Lara Sanoica, Mayor

ATTEST:



Judith Brose, Deputy City Clerk

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Judith Brose, Deputy City Clerk