Ord. No. 7640
File No. 255R

AN ORDINANCE AMENDING CHAPTER 408 OF THE CODE OF THE CITY OF CRYSTAL LAKE PERTAINING TO RAFFLES

WHEREAS, the City of Crystal Lake, (the "City") is a home rule municipality as contemplated under Article VII, Section 6 of the Constitution of the State of Illinois and the passage of this Ordinance constitutes an exercise of the City's home rule powers; and

WHEREAS, pursuant to the authority vested in municipalities by the Illinois Raffles and Poker Runs Act (230 ILCS 15/1) (the "Act"), and its home rule authority, the City is authorized to establish a system for the licensing of organizations to operate raffles within the corporate boundaries of the City; and

WHEREAS, pursuant to such authority, the City adopted Chapter 408 of the City Code, which Chapter provides for the licensing and regulation of Raffles; and

WHEREAS, in order to address recent amendments to the Act and to provide a mechanism for the operation of Progressive Style Raffles within the City, the Mayor and City Council have found and determined that it is in the best interest of the City and its residents to amend certain sections of Chapter 408;

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF CRYSTAL LAKE:

SECTION I: Recitals. The foregoing recitals are hereby incorporated as though fully restated herein.

SECTION II: Amendments to Chapter 408. The following sections of Chapter 408 are hereby amended to provide as follows:

- (Additions are denoted in bold and underlined, deletions are denoted by strikethroughs)

§ 408-1. Definitions

As used in this chapter, the following terms shall have the meanings indicated:

BUSINESS – A voluntary organization composed of individuals and businesses who have joined together to advance the commercial, financial, industrial and civic interests of the Community.

CHARITABLE — An organization or institution organized and operated to benefit an indefinite number of the public. The services 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 presented in tax-supported schools.

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, local 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.

PROGRESSIVE RAFFLE – A style of raffle which allows the holder of a winning raffle ticket the opportunity to select or have selected on their behalf a card from a deck of up to 54 playing cards, one of which represents the winning jackpot card. The selection of the playing card by the winning raffle ticket holder shall be in accordance with rules established by the organization licensed pursuant to this chapter but must be based upon an element of chance by an act or set of acts on the part of the persons conducting or connected with the raffle. The playing card selected by or on behalf of the holder of a winning raffle ticket may also be designated as a winning prize valued at less than the jackpot for such Progressive Raffle in accordance with the rules established by the licensed organization. For illustrative purposes only, games commonly known as Queen of Hearts Raffles, would be classified as a Progressive Raffle.

RAFFLE — A form of lottery, as defined in Chapter 38, Section 28-2(b), Illinois Compiled Statutes, of the "Criminal Code of 1961"[1] conducted by an organization licensed under this chapter in which:

A. The player pays or agrees to pay something of value for a chance, represented and differentiated by a number or by a combination of numbers or by some other medium, one or more of which chances is to be designated the winning chance;
B. The winning chance 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.

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

VETERANS — An organization or association comprised of members which are substantially veterans and spouses, widows or widowers of veterans, the primary purpose of which is to promote the welfare of its membership and to provide assistance to the general public in such a way as to confer a public benefit.

§ 408-2. License required.

A. It shall be unlawful for any person, firm or corporation to conduct raffles or chances within the City of Crystal Lake unless the person, firm or corporation has a valid license issued in accordance with the provisions of this chapter.

B. Licenses shall be issued only to bona fide religious, charitable, labor, **business,** fraternal, educational, veteran's **or other bona fide not-for-profit** organizations that operate 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 during that entire five-year period engaged in carrying out their objects, or to a nonprofit fund-raising organization that the licensing authority determines is organized for the sole purpose of 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 or to any law enforcement agencies and statewide associations that represent law enforcement officials.

§ 408-3. Application for license.

Applications for such licenses shall be made to the City Manager or his/her designated representative, signed by the applicant or its duly authorized representatives and verified by oath or affidavit, and shall contain the following information and statements:

A. Names, ages and addresses of the applicant in the case of an individual or in such other case by the duly authorized representatives of the applicant, the date of incorporation of any corporation, the date of formation of any club, the objects for which a club or corporation was formed, the names and addresses of the officers and directors of any club, the name and address of the local representative of any church.

B. The character of business of the applicant and in the case of a corporation the objects for which it was formed.

C. The location and description of the premises or place of business **at which the winning chances will be determined.** ~~upon which the raffle will be held~~

D. The ~~area or areas within the City in which raffle chances will be sold or issued~~ time period during which raffle chances will be sold or issued, the time of determination of winning chances and the method by which the winning chances will be determined **and whether raffle chances will be sold via the internet.**

E. A **sworn** statement attesting to the not-for-profit character of the respective licensee organization signed by the presiding officer and secretary of that organization.

F. A **sworn** statement that applicant has never been convicted of a felony **that would impair the applicant's ability to engage in the licensed activity** and is not disqualified to receive a license by reason of any matter or thing contained in this chapter, other ordinances of this City, laws of the State of Illinois or of the United States of America.

G. Whether a previous license by any state or subdivision thereof or by the federal government has been revoked and the reasons therefor.

H. A statement that the applicant will not violate any of the laws of the State of Illinois or of the United States or any ordinances of this City in the conduct of the raffle.

I. A statement that the applicant will not allow gambling devices or gambling on the premises where the drawing will be held, except for the use or operation of such video gaming terminals for which a video gaming terminal permit has been issued and which is lawfully operated within a licensed establishment, in accordance with the provisions of § 268-3 of this Code.

§ 408-4. Restrictions on issuance of licenses.

No such license shall be issued to:

~~A person who is not a resident of the City.~~

A. A person who is not of good moral character and reputation in the City.

~~B. A person who is not a citizen of the United States.~~

B. A person who has been convicted of a felony under any federal or state law **which would impair the person's ability to engage in the licensed activity.**

C. A person who has been convicted of pandering or other crime or misdemeanor opposed to decency and morality.

D. A person or **organization** whose license issued under this chapter has been revoked for cause.

E. A person who, at the time of application for renewal of any license issued hereunder would not be eligible for such license upon a first application.

F. A corporation, if any officer, manager or director thereof, or any stockholder or stockholders owning in the aggregate, more than 5% of the stock of such corporation, would not be eligible to receive a license hereunder for any reason other than residence within the City.

~~I. A corporation whose registered agent is not a resident of the City of Crystal Lake.~~

G. Any person who is or has been a professional gambler or gambling promoter.

H. A person **or organization** whose place of business is conducted by a manager or agent, unless said manager or agent possesses the same qualifications required of the licensee.

I. A person who has been convicted of a violation of any federal or state law concerning the manufacture, possession or sale of alcoholic liquor, subsequent to the passage of this

chapter or shall have forfeited bond to appear in court to answer charges for any such violation.

J. A person **or organization** who does not own the premises ~~for~~ **upon** which **the raffle drawing will be conducted** ~~a license is sought~~, or does not have a lease **or rental agreement** thereon for the full period for which the **raffle drawing will be conducted** ~~license is to be issued.~~

~~N. Any law enforcing public official, any City Manager, any Mayor, Alderman, or member of the City Council or commission, or any President or member of a county board, and no such official shall be interested in any way, either directly or indirectly, in the manufacture for sale, sale or distribution of alcoholic liquor.~~

~~O. Any person, association, or corporation not eligible for a state retail liquor dealer's license.~~

K. A person who is not **an owner, director, officer, employee or member of the licensee.** ~~beneficiary of the business to be operated by the licensee~~

L. A person who has been convicted of a gambling offense as proscribed by any part of Subsection (a)(3) through (a)(10) of Section 28-1, or as proscribed by Section 28-3 of the Criminal Code of 1961, approved July 28, 1961, as heretofore or hereafter amended as contained in Illinois Compiled Statutes 1961, Chapter 38, Section 28-1, 28-3[2] or as proscribed by a statute replaced by any of the aforesaid statutory provisions.

M. A person to whom a federal gaming device stamp or a federal wagering stamp has been issued by the federal government for the current tax period.

N. A corporation, if any officer, manager or director thereof, or any stockholder owning in the aggregate more than 20% of the stock of such corporation has been issued a federal gaming device stamp or a federal wagering stamp for the current tax period.408:4

O. Any premises for which a federal gaming device stamp or a federal wagering stamp has been issued by the federal Government for the current tax period.

P. **Any organization in which a person defined in (A),(B),(C),(D),(E),(G),(I),(O),or (P) of this Section is to participate in the management or operation of a Raffle as defined in this Chapter.**

§ 408-5. Conduct of raffles.

The conducting of raffles is subject to the following restrictions:

A. The entire net proceeds of any raffle must be exclusively devoted to the lawful purposes of the organization permitted to conduct that game.

B. No person except a bona fide **director, officer, employee or member of the sponsoring organization** may participate in the management or operation of the raffle. **No person may receive any remuneration or profit for managing or participating in the**

management of the raffle. Sponsoring organizations may contract with third parties who, acting at the direction of and under the supervision of the sponsoring organization, provide bona fide services to the sponsoring organization in connection with the operation of a raffle and may pay reasonable compensation for such services. Such services include the following: (a) advertising, marketing and promotion, (b) legal, (c) procurement of goods, prizes, wares and merchandise for the purpose of operating the raffle, (d) rent, if the premises upon which the raffle will be held is rented, (e) accounting, auditing and bookkeeping, (f) website hosting, (g) mailing and delivery, (h) banking and payment processing, and (i) other services relating to the operation of the raffle.

C. No person may receive any remuneration or profit for participating in the management or operation of the raffle.

D. A licensee may rent a premises on which to determine the winning chance or chances in a raffle provided that the rent is not determined as a percentage of receipts or profits from the raffle.

E. Raffle chances may be sold and winning chances may be determined only at those locations specified on the license.

F. No person under the age of 18 years may participate in the conducting of raffles or chances. A person under the age of 18 years may be within the area where winning chances are being determined only when accompanied by his/her parents or guardian.

§ 408-6. Limitations on licenses.

A. A license authorizes the licensee to conduct raffles as defined in this chapter. Each such license is valid for one raffle or for a specified number of raffles to be conducted during a specified period not to exceed one year**, except as otherwise provided in this Chapter**.

B. All raffle tickets which are sold off the premises upon which the raffle is to be held shall contain the license number issued by the City.

C. The license shall contain the following information:

(1) The aggregate retail value of all prizes or merchandise awarded by the licensee in a single raffle. In no event shall the aggregate retail value of all prizes or merchandise exceed the sum of $250,000 in a single raffle.

(2) The maximum retail value of each prize awarded by the licensee in a single raffle. In no event shall the aggregate retail value of any prize or merchandise exceed the sum of $250,000 in a single raffle.

(3) The maximum price which may be charged for each raffle chance issued or sold by the licensee, provided that the licensee shall submit to the City Manager or his/her designated representative the aggregate retail value of all of the prizes or merchandise to be awarded, the total number of chances which may be issued or sold and the projected net proceeds as defined by this chapter which shall be the basis in determining the maximum price which may be charged for each raffle chance. Upon receipt of all of the foregoing

information, the City Manager or his/her designated representative shall review and approve the maximum price for each raffle chance, or in the event the City Manager or his/her designated representative does not approve the price-per-raffle chance, he/she shall communicate the reason for such denial to the person applying for the license within 10 days of receipt of application for the proposed license.

(4) The maximum number of days during which chances may be issued or sold.

D.Progressive Raffles shall be considered a single raffle for purposes of licensing pursuant to this Chapter, notwithstanding the fact that such Progressive Raffles may provide for up to 54 scheduled drawings. Progressive Raffles shall be subject to the following limitations:

(1) All applications for Progressive Raffles shall include a copy of the rules which shall be applicable to the conduct of such Progressive Raffles.

(2) In the event that the jackpot has not been awarded by the end of the 51st week following the first drawing, one additional drawing event will take place during the 52nd week at which time winning raffle chances will be selected until the card representing the jackpot is selected.

(3) The first drawing of a winning raffle chance must take place within 60 days of the date of issuance of the license issued pursuant to this Chapter.

(4) Drawings of winning raffle chances shall take place at the location identified in the license.

(5) No signage advertising or otherwise making know the availability of the raffle within the licensed establishment may be visible from the exterior of the building at which the raffle drawing will take place or the exterior of the building occupied by the licensed organization.

(6) No organization shall be issued more than one license to conduct a Progressive Raffle during any twelve-month period.

(7) No location within the City may be utilized for drawings related to more than one Progressive Raffle within any twelve-month period.

(8) Any licensee receiving a license pursuant to this Chapter shall be responsible for ensuring that traffic within the property upon which a Progressive Raffle drawing is held shall be safely conducted and in such a manner so that it will not unreasonably interfere with the normal flow of traffic upon the public street from which traffic enters to and exits from such property, as reasonably determined by the City's Police Chief or the Chief's designee. To the extent that the normal flow of traffic is adversely impacted by drawings conducted upon such property, the licensee shall reimburse the City for any

additional costs incurred by the City to assist in addressing such traffic flow.

E. Except as is provided in Subsection C(3), the City Manager or his/her designated representative shall have 30 days in which to approve or disapprove the license applied for. In the event the City Manager or his/ her designated representative shall fail to take action within the thirty-day period, in the event they would disapprove the license applied for, or in the event they would fail to approve the maximum price charged for each raffle chance pursuant to Subsection C(3), the applicant shall have the right upon written receipt to appeal that decision to the Mayor and City Council at the next regularly scheduled Council meeting. The Mayor and City Council shall have the right to review the application and approve or deny issuance of the license applied for.

F. The City Manager or his/her designated representative may revoke any licenses issued by the City if it is determined that the licensee has violated any provision of this chapter.

§ 408-7. Raffles manager; bond.

Operation and conduct of raffles shall be under the supervision of a single raffle's manager designated by the person or organization, making application for a license. The manager **shall be a resident of the City of Crystal Lake and** shall give a fidelity bond in an amount not less than the anticipated gross receipts for each raffle. The bond shall be in favor of the organization and conditioned upon his/her honesty in the performance of duties. The bond shall also provide that notice be given in writing to the City of Crystal Lake not less than 30 days prior to its cancellation. The City Manager or his/her designated representative is authorized to waive the requirement for a bond by including a waiver provision in the license issued, provided that the license containing such waiver provision shall be granted only by the **affirmative** ~~unanimous~~ vote of the members of the licensed organization.

§ 408-8. Records.

A. Each organization licensed to conduct raffles and changes shall keep records of its gross receipts, expenses and net proceeds for each single gathering or occasion at which winning chances 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.

B. Gross receipts from the operation of raffles programs 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 a license therefor issued by the Department of Revenue of the State of Illinois, and 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.

C. Each organization licensed to conduct raffles shall report monthly to its membership, **or, if the organization does not have members, to its governing board** and to the City of Crystal Lake, its gross receipts, expenses and net proceeds from raffles, and the distribution of net proceeds itemized as required in this section.

D. Records required by this section 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.

SECTION III: Effective Date. This ordinance shall be in full force and effect from and after its passage and approval according to law.

SECTION IV: All ordinances and parts of ordinances in conflict herewith are hereby repealed.

DATED at Crystal Lake, Illinois, this 21st day of July, 2020

APPROVED:

~~HAIG~~ HALEBLIAN ACTING MAYOR

ATTEST:

CITY CLERK

PASSED:
APPROVED:

Published in pamphlet form by the authority of the Mayor and City Council of the City of Crystal Lake.