

# CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY



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**Bill Type and Number:** Ordinance 2022-464

**Introducer/Sponsor(s):** Council Member Dennis

**Date of Introduction:** June 14, 2022

**Committee(s) of Reference:** NCSPHS, LUZ

**Date of Analysis:** June 16, 2022

**Type of Action:** Ordinance Code amendment; Zoning Code amendment

**Bill Summary:** The bill amends the Zoning Code by repealing Sec. 656.726 dealing with nonconforming game promotions or sweepstakes utilizing electronic equipment and amends Ordinance Code Chapter 250 – Businesses, Trades and Occupations – by repealing Sections 250.1301 through 250.1309 regarding distance limitations of adult arcade amusement centers from churches and schools. The bill amends Ordinance Code Chapter 155 – Adult Arcade Amusement Center – to revise definitions, provide operation requirements, delete components of skills, prohibit minors, provide permit requirements, establish machine registration requirements, provide record keeping requirements, provide signage requirements, establish enforcement provisions, provide registration fees, provide penalties, and authorize right of entry. It amends Chapter 156 – Game Promotions or Sweepstakes Utilizing Electronic Equipment – to provide a general prohibition, amend definitions, provide permitting and fee requirements, provide and for inspections and right of entry, provide operation limitations, and provide grounds for violations and consequences. It amends the Zoning Code to make adult arcade amusement centers permissible by exception in CCG-1 and CCG-2 zoning districts and to provide relevant definitions.

**Background Information:** The bill is intended to repeal the current prohibition against operation of adult arcade amusement centers and to permit a limited number of strictly regulated facilities to operate. The provisions regulating the operation of such amusement centers would include:

- A permitted arcade facility shall be a minimum of 6,000 square feet.
- Defines a *de minimis* facility not subject to regulation under Code Chapter 155 as a facility operated by an organization exempt from federal taxation under Section 501(c) of the Internal Revenue Code with five or fewer Adult Arcade Amusement Machines at that facility, all of which were in operation on or before July 1, 2022.
- Limits the number of permitted arcades to 20 for the county. The first 20 complete applications that meet the requirements of the ordinance shall be awarded the permits.
- Denial of permit applications shall be appealable to a Review Committee composed of the Director of the Planning and Development Department, the Director of the Neighborhoods Department, and the Chair of the Neighborhoods, Community Services, Public Health & Safety Committee.
- Prohibits issuance of an adult arcade permit to an applicant who has been convicted of a violation of a federal, state or local law in the form of a felony or crime of dishonesty within 10 years preceding the date of the filing.
- Exterior signage (including flags and banners) shall be limited to the advertisement of the type of facility and no signs shall be posted on the exterior of the premises that suggest gambling takes place on the premises or displays any image commonly associated with slot machines, card games, dice games, or other games played in casinos.

- Businesses shall be subject to an annual business tax of \$40 per day of operation and an annual registration fee of \$250 per machine.
- The operator of sweepstakes or game promotions with a prize of over \$5,000 must provide proof of either a) possession of a trust account with a balance sufficient to pay the total value of all prizes offered for the full year covered by the permit, or b) existence of a surety bond in an amount equivalent to the total value of all prizes offered for the sweepstakes or game promotion or \$50,000, whichever is less, and such bond shall be filed with the Department of Neighborhoods.
- Every principal, officer, shareholder and director of an arcade operator shall be subject to a criminal background check.
- Permits once issued may not be transferred to any other entity, and any change in the majority or controlling interest in a Permit Holder shall be deemed an impermissible transfer of the permit.
- Alcoholic beverages may not be sold or consumed on any permitted premises.
- A recording security camera system must be in operation at a permitted facility 24 hours a day.
- At least one licensed, armed security guard shall be on premises whenever the facility is open for business.
- Violations of Chapter 155 shall be punishable by imposition of a civil penalty not to exceed \$1,000 per machine per day the violation exists.
- First violations of Chapter 156 shall be punishable by imposition of a civil penalty not to exceed \$300 per day/occurrence; subsequent violations are subject to a fine of up to \$500 per day/occurrence.

**Policy Impact Area:** Adult arcade amusement center operation

**Fiscal Impact:** Undetermined

**Analyst:** Clements