



City of Urbana
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September 7, 2017

Proposed Changes to City's Raffle Ordinance

To: Mayor Marlin and City Council Members
From: Curt Borman, Assistant City Attorney
Charlie Smyth, City Clerk

RE: Ordinance No. 2017-09-053: An Ordinance Amending Urbana City Code Chapter 9.5, Article II (Raffles/2017)

The City of Urbana's Raffle Ordinance in Urbana City Code Chapter 9.5, Article II, has existed for some time, with the last changes made in 1999. There have been several recent changes to state law, and substantial inflation has taken place in the past 20 years, suggesting the need to update the ordinance. Based on discussions between the City Clerk, Mayor Marlin, and the Legal Division, the ordinance makes the following amendments to the Raffle Ordinance:

Section 9.5-20: Adds definition of "law enforcement agency," as provided in 230 ILCS 15/9.

Section 9.5-20: Changes reference to Criminal Code of 2012.

Section 9.5-22: Adds reference to law enforcement agencies and statewide associations that represent law enforcement officials, as defined in 230 ILCS 15/9.

Section 9.5-22: Adds reference to any other organizations, as provided in the Raffles and Poker Runs Act, as amended.

Section 9.5-23: Changes an apparently erroneous reference from "real value" to "retail value."

Section 9.5-23: Increases the maximum value of all prizes awarded in a single raffle from \$50,000 to \$200,000.

Section 9.5-23: Increases the maximum value of each prize awarded in a single raffle from \$25,000 to \$100,000.

Section 9.5-26: Deletes the language prohibiting anyone convicted of a felony from obtaining a license. Instead, it provides that a person is ineligible if his or her felony conviction will impair the person's ability to engage in the licensed position. These changes are recommended because Public Act 100-0286, which takes effect on January 1, 2018, makes corresponding changes to raffle license

eligibility requirements under state law. Additionally, Public Act 100-0286 prevents the licensing authority from requiring applicants to disclose certain criminal history information, such as juvenile adjudications and arrests not resulting in convictions. For persons convicted of felonies, it also requires the licensing authority to consider evidence of rehabilitation and mitigating factors in making the licensing decision. The City Clerk's Office will add these other requirements of Public Act 100-0286 to its internal license application and review procedures.

Section 9.5-28: Adds language clarifying the existing rule that each raffle license is valid for one year from the date it is issued. This is an exception to the general rule that annual City licenses are valid from July 1 of each year to June 30 of the following year.

Section 9.5-30: Adds language eliminating reciprocity with Champaign and Champaign County per se. Instead it provides that reciprocity exists with any governmental unit providing reciprocity to the City. New language also indicates that the provisions do not apply to a law enforcement organization that is in compliance with the Raffles and Poker Runs Act, in accordance with Illinois law.

The ordinance also changes the Schedule of Fees as follows:

- The license fees are based on whether or not the total retail value of all prizes awarded under the license exceeds \$25,000 instead of \$5,000;
- The proposed license fee is increased from \$21 to \$25 if the total retail value of all prizes or merchandise to be awarded does not exceed \$25,000; and
- The proposed license fee is reduced from \$158 to \$150 if the total retail value of all prizes or merchandise to be awarded exceeds \$25,000.

These changes are based on a recent survey conducted of other Illinois communities.

FAQ

If someone has multiple raffles in a year, are the individual/ total value for the sum of all of those raffles in a year or are they for each individual raffle?

The totals are for a single raffle. The proposed change to Section 9.5-23 provides that the maximum retail value of each prize awarded by a licensee in a single raffle shall not exceed \$100,000. It also provides that the retail value of all prizes or merchandise awarded by a licensee in a single raffle shall not exceed \$200,000. By contrast, the proposed license fees in the Schedule of Fees are based on whether the total retail value of all prizes or merchandise to be awarded exceeds \$25,000 for the entire one year term of the license.

Does someone whose business is in Urbana and doing a raffle, need to have an Urbana license as the starting point for reciprocity. For example, since we give the county and Champaign reciprocity under the current ordinance, can they just get a license in one of those jurisdictions and have it count?

An organization with a principal place of business in Urbana must have an Urbana license to conduct a raffle in the City. The proposed ordinance eliminates automatic reciprocity for raffles licensed in Champaign and Champaign County. Instead, it will allow an organization with a principal place of business outside of Urbana to conduct a raffle within City limits only if (1) another Champaign County unit of government issues a raffle license to the organization; (2) the other unit of government allows organizations with a principal place of business in Urbana to conduct raffles within its jurisdiction based on an Urbana raffle license; and (3) the organization is eligible for a City raffle license under the Urbana City Code.

If we didn't have a raffle license ordinance, what would actually apply?

The Raffles and Poker Runs Act prohibits any person, firm, or corporation from conducting raffles or chances or poker runs without first obtaining a license from the municipality or county in which the event will be conducted. 230 ILCS 15/3(1). However, the Act provides an exception for law enforcement agencies and statewide associations that represent law enforcement officials. Raffles organized by a law enforcement agency or a statewide association that represents law enforcement officials must only be licensed by the governing body of the county or municipality in which the key location for that raffle is located, even if raffle tickets are sold beyond the borders of that governing body of the county or municipality. 230 ILCS 15/9. Violations of the Act are Class C misdemeanors. 230 ILCS 15/7.

Are the ineligibility criteria set by the state?

Yes. The provisions of Urbana City Code Section 9.5-26 correspond to those contained in 230 ILCS 15/3, including the new language pursuant to Public Act 100-0286 that will take effect on January 1, 2018.

Should we be doing background checks?

Yes. Both state law and the Urbana City Code require a proper investigation to be conducted to determine whether a license should be issued.

Why does the current ordinance have the 6 month stipulation...is this state law?

The provision in Section 9.5-23 specifying that the maximum number of days during which chances may be sold may not exceed 180 days is not unusual. Other communities impose the same or a similar restriction so that raffles are conducted within the period the license is valid. The Raffles and Poker Runs Act does not require this restriction but does allow municipalities to impose such restrictions. 230 ILCS 15/2.

ORDINANCE NO. 2017-09-053

AN ORDINANCE AMENDING URBANA CITY CODE CHAPTER 9.5, ARTICLE II

(Raffles/2017)

WHEREAS, the City of Urbana (“City”) is a home rule unit of local government pursuant to Article VII, Section 6, of the Illinois Constitution, 1970, and may 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, and welfare; and

WHEREAS, the City Council heretofore enacted Urbana City Code Chapter 9.5, Article II, to regulate raffles in the City and Section 14-7 to establish a schedule of fees for the various licenses, permits, fines, and other fees required under the Urbana City Code; and

WHEREAS, the City Council, after due consideration, finds that amending Chapter 9.5, Article II, and making limited amendments to Section 14-7, pursuant to Urbana City Code Section 14-7(b), will protect the public health, safety, and welfare.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1.

Urbana City Code Chapter 9.5, “Games of Chance,” Article II, “Raffles,” Sections 9.5-20, “Definitions,” 9.5-22, “Eligible organizations,” 9.5-23, “Maximum value of prizes; maximum price for chance; maximum length of sale,” 9.5-26, “Ineligibility,” 9.5-28, “Validity of license,” and 9.5-30, “Reciprocity,” are hereby amended with the underlined text indicating new language and the strikethrough text indicating deletions as follows:

Sec. 9.5-20. - Definitions.

The following words and phrases, when used in this article, shall have the meanings respectively ascribed to them:

Business organization shall mean a voluntary organization composed of individuals and businesses who have joined together to advance the commercial, financial, industrial and civic interests of a community.

Charitable organization shall mean an organization or institution organized and operated to benefit an indefinite number of the public. The service rendered to those eligible for benefits must also confer some benefit on the public.

Educational organization shall mean 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 organization shall mean 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 organization shall mean 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.

Law enforcement agency shall mean an agency of this state or unit of local government which is vested by law or ordinance with the duty to maintain public order and to enforce criminal laws or ordinances.

Net proceeds shall mean 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 organization shall mean an organization or institution organized and conducted on a not-for-profit basis with no personal profit inuring to anyone as the result of the operation.

Raffle shall mean a form of lottery, as defined in Section 28-2(b) of the Criminal Code of ~~2012, 1961,~~ now or hereafter as amended, conducted by an organization licensed under this article, in which:

- (1) 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 (1) or more of which chances is to be designated the winning chance; and
- (2) 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 organization shall mean any church, congregation, society, or organization founded for the purpose of religious worship.

Veterans' organization shall mean an organization or association comprised of members of which substantially all are individuals who are veterans or spouses, widows, or widowers of veterans, the primary purpose of which is to promote the welfare of its members and to provide assistance to the general public in such a way as to confer a public benefit.

Sec. 9.5-22. - Eligible organizations.

Licenses under this article shall be issued only to the following:

- (a) bona fide nonprofit, religious, charitable, labor, business, fraternal, educational or veterans' organizations that operate without profit to their members, which have been in existence continuously for a period of five (5) years immediately before making application for a license under this article, and which have had during that entire five (5) year period a bona fide membership engaged in carrying out their objective;

~~(b) or to~~ a nonprofit fundraising organization that is organized for the sole purpose of providing financial assistance to an identified individual or group of individuals suffering extreme financial hardship as a result of an illness, disability, accident or disaster;

(c) law enforcement agencies and statewide associations that represent law enforcement officials; or

(d) any other organization authorized to receive a raffle license in accordance with the Raffles and Poker Runs Act, 230 ILCS 15/0.01 et seq., as amended.

Sec. 9.5-23. - Maximum value of prizes; maximum price for chance; maximum length of sale.

The ~~retail real~~ value of all prizes or merchandise awarded by a licensee in a single raffle shall not exceed ~~two hundred thousand dollars (\$200,000.00). fifty thousand dollars (\$50,000.00).~~ The maximum retail value of each prize awarded by a licensee in a single raffle shall not exceed one hundred thousand dollars (\$100,000.00). twenty-five thousand dollars (\$25,000.00). The maximum price which may be charged for each raffle chance issued or sold shall not exceed five hundred dollars (\$500.00). The maximum number of days during which chances may be sold may not exceed one hundred eighty (180) days.

Sec. 9.5-26. - Ineligibility.

The following are ineligible for any license under this article:

(a) Any person ~~who has been convicted of a felony;~~ whose felony conviction will impair the person's ability to engage in the licensed position;

(b) Any person who is or has been a professional gambler or gambling promoter;

(c) Any person who is not of good moral character;

(d) Any firm or corporation which a person defined in (a), (b) or (c) has a proprietary, equitable, or credit interest, or in which such person is active or employed;

(e) Any organization in which a person defined in (a), (b) or (c) is an officer, director, or employee, whether compensated or not;

(f) Any organization in which a person defined in (a), (b) or (c) is to participate in the management or operation of a raffle as defined in this article.

Sec. 9.5-28. - Validity of license.

Each license issued pursuant to this article shall be valid for a specified number of raffles in a one-year period from the date of issuance.

Sec. 9.5-30. - Reciprocity.

The provisions of this article shall not apply to ~~a raffle conducted by an organization which has been licensed by the City of Champaign or Champaign County, provided that the organization would be eligible under section 9.5-22~~ the following:

(a) a raffle conducted by an organization with a principal place of business outside city limits, which has been licensed by a governmental unit located in Champaign County, provided that the licensing governmental unit grants reciprocity to organizations with a principal place of business within city limits which have obtained a license pursuant to this article, and further provided that the organization would be eligible under section 9.5-22; or

(b) a raffle conducted by a law enforcement agency or statewide association that represents law enforcement officials, provided that the agency or association conducts the raffle in compliance with the Raffles and Poker Runs Act, 230 ILCS 15/0.01 et seq., as amended.

Section 2.

Urbana City Code Chapter 14, "Licenses and Permits," Section 14-7, "Schedule of fees," Subsection (B), "General," Part 4, "Miscellaneous," Subpart (c), "Raffles," is hereby amended with the underlined text indicating new language and the strikethrough text indicating deletions as follows:

(c) Raffles:

1. Total retail value of all prizes or merchandise to be awarded exceeds twenty-five thousand dollars (~~\$25,000.00~~).....\$ 150.00~~158.00~~
2. Total retail value of all prizes or merchandise to be awarded does not exceed twenty-five thousand dollars (~~\$25,000.00~~).....\$ 25.00~~21.00~~

Section 3.

Those sections, paragraphs, and provisions of the Urbana City Code that are not expressly amended or repealed by this Ordinance are hereby re-enacted, and it is expressly declared to be the intention of this Ordinance not to repeal or amend any portions of the Urbana City Code other than those expressly set forth as amended or repealed in this Ordinance. The invalidity of any section or provision of this Ordinance hereby passed and approved shall not invalidate other sections or provisions thereof.

Section 4.

This Ordinance shall not be construed to affect any suit or proceeding pending in any court, or any rights acquired, or a liability incurred, or any cause or causes of action acquired or existing prior to the effective date of this Ordinance; nor shall any right or remedy of any character be lost, impaired, or affected by this Ordinance.

Section 5.

The City Clerk is directed to publish this Ordinance in pamphlet form by authority of the corporate authorities, and this Ordinance shall be in full force and effect from and after its passage and publication in accordance with Section 1-2-4 of the Illinois Municipal Code or on January 1, 2018, whichever occurs later.

This Ordinance is hereby passed by the affirmative vote, the “ayes” and “nays” being called, of a majority of the members of the Council of the City of Urbana, Illinois, at a meeting of said Council.

PASSED BY THE CITY COUNCIL this ___ day of _____, _____.

AYES:

NAYS:

ABSTENTIONS:

Charles A. Smyth, City Clerk

APPROVED BY THE MAYOR this ___ day of _____, _____.

Diane Wolfe Marlin, Mayor