



At the Heart of Community

POLICE DEPARTMENT

200 Mohawk Trail
Lake Zurich, Illinois 60047

(847) 719-1690
LakeZurich.org

MEMORANDUM

Date: May 13, 2020
To: Ray Keller, Village Manager
From: Steven D. Husak, Police Chief
Subject: **Raffle Ordinance Amendments**

Issue: The Illinois Compiled Statutes allows the governing body of any county or municipality within the State to establish a system for the licensing of organizations to operate raffles. In July of 2019, the State of Illinois updated the Raffles and Poker Runs Act (230 ILCS 15/0) per Public Act 101-109.

Analysis: After staff review of our raffle license ordinance and comparisons to other municipalities in the area, it was determined that some of our language is outdated and should be revised. The proposed ordinance amendments contain updated language that is consistent with the Illinois Compiled Statutes.

The requested amendments are consistent with the following Goals and Objectives of the Strategic Plan.

Goal # 1 **Fiscal Sustainability**

- F – Continue Organizational Analysis to Increase Efficiencies

Goal # 4 **Service Sustainability**

- B – Develop a High-Performance Organization

Recommendation: Approve amendments to the raffle ordinance to reflect language that is consistent with the Illinois Compiled Statutes.

VILLAGE OF LAKE ZURICH
ORDINANCE NO. 2020-05-_____



**AN ORDINANCE AMENDING TITLE 3, CHAPTER 2, SECTION 12 OF THE
VILLAGE OF LAKE ZURICH MUNICIPAL CODE REGARDING RAFFLE
REGULATIONS**

WHEREAS, the Illinois Compiled Statutes allows municipalities to establish a system for the licensing of organizations to operate raffles; and

WHEREAS, in July 2019, the State of Illinois updated the Raffles and Poker Runs Act per Public Act 101-109; and

WHEREAS, it is in the best interests of the Village of Lake Zurich that Title 3 of the Municipal Code be revised, as set forth below.

SECTION 1: BE IT ORDAINED, by the Village Board of the Village of Lake Zurich that Title 3, entitled "Business Licensing, Regulation, Taxation, and Fees", Chapter 2, entitled "Specific Regulations for Certain Businesses", Section 12, entitled "Raffles" of the Municipal Code of the Village of Lake Zurich is hereby amended in its entirety as follows:

3-2-12: RAFFLES:

- ~~—A. Application for License: In addition to the application requirements established in Sections [3-1-6](#) and [3-1-7](#) of this Title, the application for license to conduct a raffle shall specify the area or areas within the Village in which raffle chances will be sold or issued, the time period during which raffle chances will be sold or issued, the time of determination of winning chances, and the location or locations at which winning chances will be determined.~~
- ~~The license application must contain a sworn statement attesting to the not for profit character of the prospective licensee organization, signed by an officer and attested to by the secretary of that organization.~~
- ~~—B. Qualifications of Licensee: Licenses shall be issued only to bona fide religious, charitable, fraternal, labor, educational or veterans organizations as defined under applicable State law and operated without a benefit to their members and which shall have been in existence continuously for a period of five (5) years immediately before making an application for a license and which has had during that entire five (5) year period bona fide membership engaged in carrying out its object.~~
- ~~—C. Ineligibility for License: The following are ineligible for any license under this Section:~~
 - ~~1. Any person who has been convicted of a felony.~~
 - ~~2. Any person who is or has been a professional gambler or gambling promoter.~~

- ~~3. Any person who is not of good moral character.~~
- ~~4. Any firm or corporation in which a person defined in subsection C1, C2 or C3 of this section has a proprietary, equitable or credit interest, or in which such a person is active or employed.~~
- ~~5. Any organization in which a person defined in subsection C1, C2 or C3 of this section is an officer, director or employee, whether compensated or not.~~
- ~~6. Any organization in which a person defined in subsection C1, C2 or C3 of this section is to participate in the management or operation of a raffle as defined in this section.~~
- ~~D. Validity Of License: Each license is valid for the conducting of only one raffle. (Ord. 93-12-627, 12-6-1993)~~
- ~~E. Approval Or Disapproval Of License: The village manager or his designee, within thirty (30) days after receipt of an application to conduct a raffle as provided for herein, shall evaluate and either approve or disapprove of said application. Any failure of the village manager or his designee to act within said thirty (30) day period shall be deemed to be a decision disapproving the application. The decision of the village manager or his designee shall be a final decision pursuant to the administrative review act. (Ord. 2012-05-832, 5-21-2012; amd. Ord. 2012-10-861, 10-1-2012)~~
- ~~F. Conduct Of Raffles: The conducting of a raffle is subject to the following restrictions:~~
 - ~~1. All proceeds of any raffle must be exclusively devoted to the lawful purpose of the organization permitted to conduct the raffle.~~
 - ~~2. No person except a member of the sponsoring organization may preside in the management or operation of the raffle.~~
 - ~~3. No person may receive any remuneration or profit for participating in the management or operation of the raffle.~~
 - ~~4. A licensee may rent premises on which to determine the winning chance or chances in a raffle only from an organization which also is licensed under this section.~~
 - ~~5. Raffle chances may be sold or issued only within the area specified on the license and winning chances may be determined only at that location specified on the license.~~
 - ~~6. No person younger than eighteen (18) years of age may participate in the conduct of a raffle. A person younger than eighteen (18) years of age may be within the area where winning chances are being determined only when accompanied by his or her parent or legal guardian. (Ord. 93-12-627, 12-6-1993)~~
- ~~G. Raffles Manager: All operations of and the conducting of raffles shall be under the supervision of a single manager designated by the organization in its application. (Ord. 2012-05-832, 5-21-2012)~~
- ~~H. Limitations On Prizes And Chances:~~
 - ~~1. The aggregate retail value of all prizes or merchandise awarded by a licensee in a single raffle under this section and in accordance with applicable state of Illinois law is limited to fifty thousand dollars (\$50,000.00).~~
 - ~~2. The retail value of any single prize awarded by a licensee in a raffle shall not exceed thirty thousand dollars (\$30,000.00).~~
 - ~~3. The maximum price that may be charged for each raffle or chance issued or sold is limited to one hundred fifty dollars (\$150.00), and the maximum number of days during which chances may be issued or sold is ninety (90) days.~~

- ~~I. Records: Each organization licensed to conduct raffles shall keep such records and shall handle receipts from the operation of such raffles as required in accordance with applicable state of Illinois law. (Ord. 93-12-627, 12-6-1993)~~

3-2-12: RAFFLES:

A. Definitions:

For the purpose of this chapter, the following words and phrases shall have the meanings ascribed to them herein:

APPLICANT: Any person that files an application for a raffle license as provided for in this chapter

CHARITABLE PURPOSE: Any charitable, benevolent, philanthropic, patriotic, or eleemosynary purpose

CHARITABLE RAFFLE: A raffle engaged in for a charitable purpose

CHIEF OF POLICE: The Lake Zurich chief of police or his or her appointee or designee

PERSON: Any individual, organization, group, association, partnership, joint venture, corporation, trust, or any combination of the foregoing

PREMISES: Any occupied building or structure or any separate dwelling unit contained within any occupied building or structure of any type within the village

NET PROCEEDS: The gross receipts from the conduct of raffles less reasonable sums expended for prizes, village license fees, and other reasonable operating expenses incurred as a result of operating a raffle

RAFFLE: A form of lottery as defined in 230 ILCS 15/0.01 et seq (Raffles and Poker Runs Act) 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; and
- 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.

- C. "Raffle" does not include any game designed to simulate gambling games as defined in the Riverboat Gambling Act, any casino game approved for play by the Illinois Gaming Board, any games provided by a video gaming terminal as defined in the Video Gaming Act, or a savings promotion raffle authorized under Section 5g of the Illinois Banking Act, Section 7008 of the Savings Bank Act, Section 42.7 of the Illinois Credit Union Act, Section 5136B of the National Bank Act, or Section 4 of the Home Owners' Loan Act. (Source: P.A. 101-109, eff. 7-19-19)

B. License Required / Regulations:

- A. Except only as provided in section [3-12-4](#) of this chapter, it shall be unlawful for any person to engage in a raffle in the village without having first applied for and obtained a valid raffle license therefor.
- B. The license and application for license must specify the area or areas within the village in which the raffle chances will be sold or issued, the time period during which raffles or chances will be sold or issued, the time of determination of winning chances, and the location or locations at which winning chances will be determined.
- C. Sworn Statement - The license application must contain a sworn statement attesting to the not-for-profit status of the prospective licensee organization signed by the presiding officer, the secretary of the organization, and the raffle manager.
- D. Validity of License - Each such license shall be valid for only one raffle or for a specific number of raffles to be conducted during a specified period not to exceed one year. Further, such licenses may be suspended or revoked by the board of trustees in the event of violation of the terms of this chapter or of any applicable state law.
- E. Eligibility - The following are ineligible for any license under this chapter:
- Any person who has been convicted of a felony;
 - Any person who is or has been a professional gambler or gambling promoter;
 - Any person who is not of good moral character;
 - Any firm or corporation in which a person defined in this subsection has a proprietary, equitable, or credit interest or in which such a person is active or employed;
 - Any organization in which a person defined in this subsection is to participate in the management or operation of a raffle as defined in this chapter

C. License—Fees:

- A. Fees for such a license to conduct a raffle or a lottery shall be zero dollars for the first three and \$25.00 for any additional licenses issued

in the calendar year.

- B. The application must be submitted 30 days in advance of the event or the first day of sales, otherwise there is a \$25.00 processing fee.

D. License—Approval and Issuance:

- A. The application must be submitted to the Lake Zurich Police Department and shall be processed (approved or denied) within 10 days. The Lake Zurich Police Department shall issue the license provided the applicant meets the requirements of this chapter.

E. License—Only Not-For-Profit Organizations Qualified:

Licenses shall be issued only to:

- A. Bona fide religious, charitable, labor, fraternal, educational, civic, and veterans' organizations as defined under applicable state law which operate without a profit to their members, which have been in existence continuously for a period of five years (waivable for certain state and national organizations) immediately before making application for a license, and which have had, during that entire five-year period, a bona fide membership engaged in carrying out their objectives
- B. Per P.A. 101-109 signed on 07/19/2019, the following organizations are now included:
- Other bona fide not-for-profit organizations (newly eligible, but the five-year requirement is not waivable)
 - Non-profit fundraising organization organized for providing certain financial assistance to an identified person or group (five-year requirement is waived)
 - Law-enforcement agencies and their statewide associations

F. Prizes or Merchandise Awarded—Limitations:

- A. The aggregate retail value of all prizes and merchandise awarded by a licensee in a single raffle under this chapter and in accordance with applicable state law is limited to \$50,000.00. The maximum retail value of each prize awarded by a licensee in a single raffle is limited to \$30,000.00. The maximum cost which may be charged for each raffle chance issued or sold is limited to \$150.00 and the maximum number of days during which chances may be issued or sold is limited to 90 days. Licenses issued shall be valid for one raffle or for a specified number of raffles to be conducted during a specified period not to exceed one year and may be suspended or revoked for any violation of 230 ILCS 15, Raffles and Poker Runs Act, or of this chapter.

G. Conduct of Raffles:

The conducting of raffles is subject to the following restrictions:

- A. Use of Proceeds: The entire net proceeds of any raffle must be exclusively devoted to the lawful purposes of the organization permitted to conduct that game.
- B. Participation in Management: No person, except a bona fide member of the sponsoring organization, may participate in the management or operation of the raffle. All operations of and the conducting of the raffle shall be under the supervision of a single manager designated by the organization on its application. (Ord. 93-12-627, 12-6-1993). The sponsoring organization may contract with third parties to provide services in connection with the raffle under the direction of the raffle manager.
- C. Remuneration: No person may receive any remuneration or profit for participating in the management or operation of the raffle.
- D. Locations: Winning raffle chances may be sold or issued only at those locations specified on the application. The raffle location also must be stated on the application. The sponsoring organization may rent a location for the raffle subject to the restrictions on the rental agreement and provided they meet the requirements of this chapter.
- E. Age of Participants: No person under the age of 18 years old may participate in the conducting of raffles or chances. A person under the age of 18 years old may be within the area where winning chances are being determined only when accompanied by his or her parent or guardian. (Ord.93-12-627, 12-6-1993)
- F. Exemption: A license need not be issued to any bona fide religious, charitable, labor, fraternal, educational, civic, or veterans' organization that conducts a raffle or lottery at a meeting or function held by that organization in which chances are sold only to members of the organization or attendees at the meeting or function and when the winning chance is chosen at the function or event where the chances are sold.

H. Records:

- A. Each organization licensed to conduct raffles and chances shall keep such records and shall handle the receipts from the operation of such raffles as required in accordance with applicable state statutes. (Ord. 93-12-627, 12-6-1993)
- B. Records required for a raffle license shall be kept for three years and the organization shall make them available for public inspection of their records relating to the operation of a raffle at a reasonable time and place.
- C. A Raffle License Proceeds Report must be returned to the Lake Zurich Police Department within 30 days of the raffle drawing or no

future raffle licenses will be issued to the organization or the manager listed on the application.

I. Managers Bond:

- A. All operations of the conduct of raffles shall be under the supervision of a single raffles' manager designated by the organization in its application (Ord. 2012-05-832, 5-21-2012). Further, the manager shall give a fidelity bond as required by applicable state statute (230 ILCS 15/5).
- B. If the requesting organization or individual does not carry a fidelity bond(s), it may request a waiver of the bond requirement. This request must be so noted on the application.

J. Sworn Statement:

- A. The organization must attest the raffle is for a not-for-profit purpose under the laws of the State of Illinois and agree to abide by all applicable state laws and village ordinances. The license application is to be signed by the organization's presiding president, secretary, and raffle manager.

SECTION 2: That all ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 3: That if any provision of this ordinance or application thereof to any entity or permit or circumstance is declared invalid or held to be unlawful, such declaration or holding shall not affect the validity of any other portion or provision of this ordinance and such declaration or holding shall be severable from the remainder thereof.

SECTION 4: This Ordinance shall be in full force and effect upon its passage, approval and publication in pamphlet form as provided by law.

Approved this ____ day of May, 2020 by the following roll call vote of the Board of Trustees:

Ayes: _____

Nays: _____

Absent: _____

Approved by me this ____ day of May, 2020.

Village President

Attest:

Village Clerk