

City of Victoria  
Thomas A. Gwosdz, City Attorney



# GAME ROOM REGULATION: A SUCCESS STORY

# The Problem

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“Everyone” in Victoria wanted to eliminate  
Game Room activity in the community.

Please Google: “Victor Borge Phonetic Punctuation”

# The City's Regulation:

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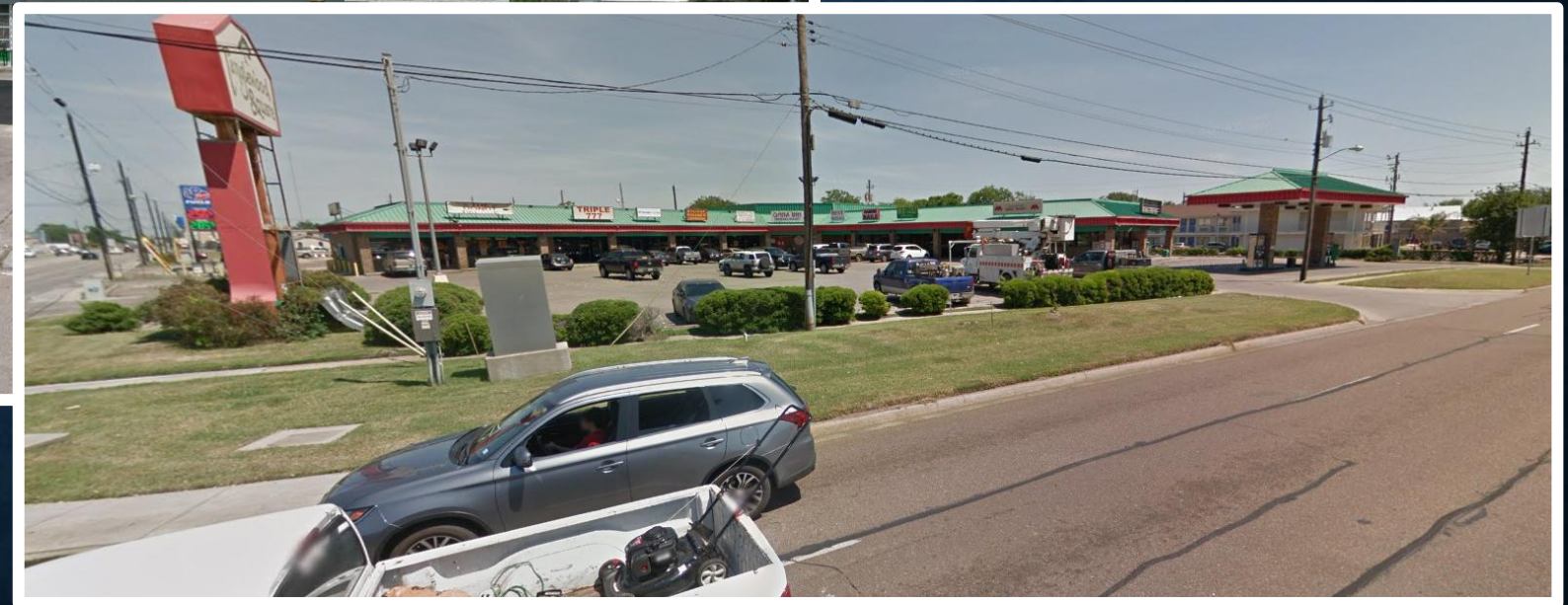
Since 2015, game rooms had been required to hold a permit by:

- Application to the City Secretary
- \$25 fee
- Criminal background check



# The Results

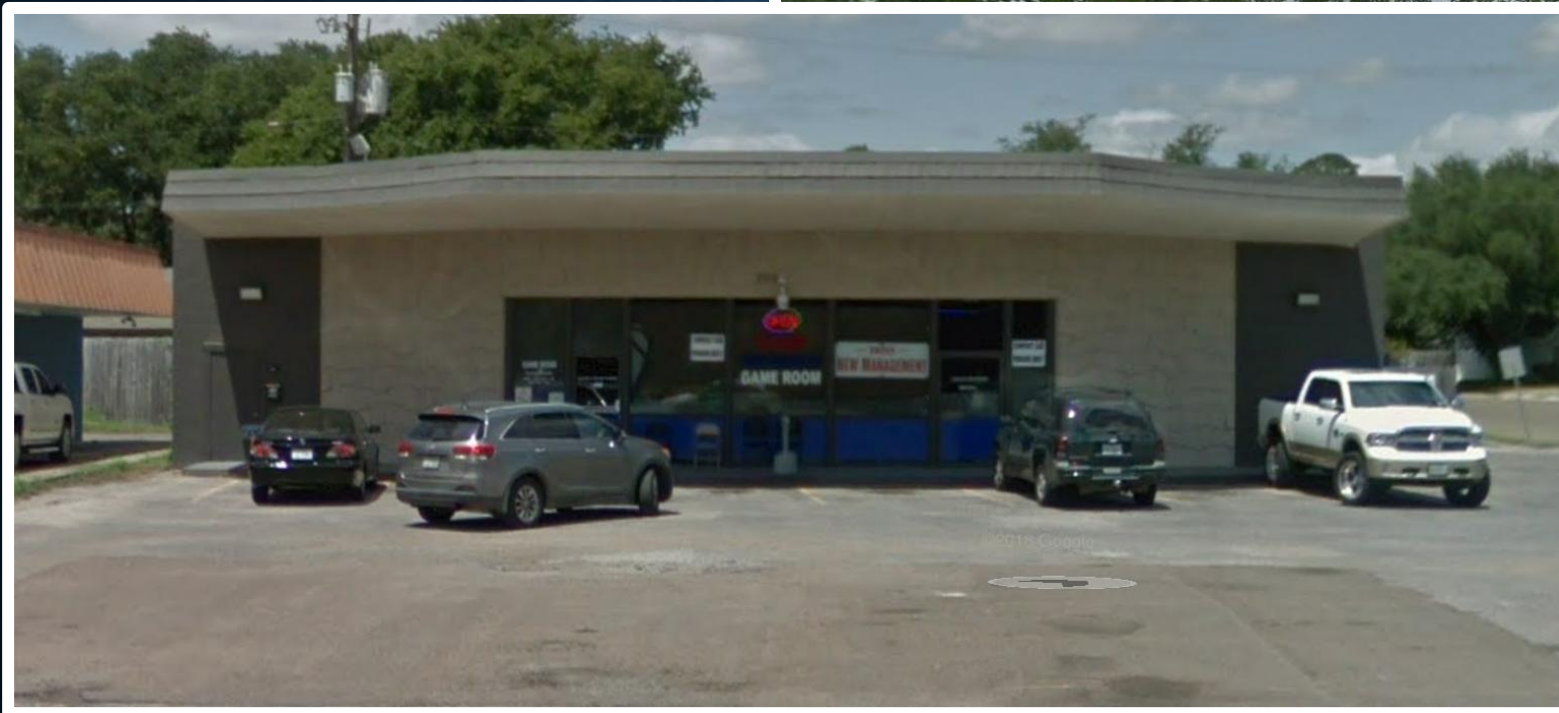
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# More Results

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# The Reaction

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By summer 2018, City Council issued a moratorium on new game room permits, and instructed staff to draft a new ordinance designed to reduce or eliminate game room activity.

- On December 31, 2018, there were 20 game rooms operating.
- On January 1, 2019, there were 2.



# The Top 10 List

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1. 1:1 Parking Ratio
2. Landlord Acknowledgement
3. Administrative Suspensions
4. No Memberships
5. Criminal Activity Signs
6. Permit issued to Business
7. Permittee Acknowledgement
8. Inspection by City Officials
9. Receipt from Comptroller
10. Application Fee Increase

# 1. 1:1 Parking Ratio

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“The cumulative number of Amusement Redemption Machines allowed to operate ... shall not exceed ... the number of off-street parking spaces available to the Permittee”

- Dev.Serv. Dep't. reviews/approves prior to application
- Must submit information on multi-tenant structures.



## 2. Landlord Acknowledgement

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“Game Room Permits shall not be issued to a Permittee unless the application is signed by a natural person who signs the following acknowledgement on the face of the application:”

I own the property described in this application, and I have actual knowledge of the proposed or current operation of a Game Room on my property. I acknowledge that I may personally be held criminally liable for illegal activity associated with the Game Room on my property, including keeping a gambling place under Chapter 47 of the Penal Code, operating an unauthorized Game Room under Chapter 14 of the City Code, and other applicable penal statutes.

\_\_\_\_\_  
Property Owner

## 2. Landlord Acknowledgement

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### § 47.04 Keeping a Gambling Place

- (a) A person commits an offense if he knowingly uses or permits another to use as a gambling place any real estate, building, room, tent, vehicle, boat, or other property whatsoever owned by him or under his control, or rents or lets any such property with a view or expectation that it be so used.
- (b) ...
- (c) An offense under this section is a Class A misdemeanor.



### 3. Administrative Suspensions

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“Upon receipt of information tending to show that illegal activities are occurring or have occurred on the premises of a Permittee, the Chief of Police may provisionally suspend a Game Room Permit”

- Provides for due process notice/hearing
- “Shall suspend” on preponderance of evidence
- Operation under a suspended license is a criminal violation
- Suspension until end of permit year.

## 4. No Memberships

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“A permittee shall not allow Game Room memberships for any purpose.”

- “Each person denied entry is considered a separate offense. Each membership card issued is considered a separate offense. Each individual subjected to any check in procedure prior to entering or before exiting a Game Room is considered a separate offense. Each day a violation occurs or continues to occur is considered a separate offense. “



## 5. Criminal Activity Signs

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“The Permittee shall display signs ... in a conspicuous manner clearly visible to the public ... at each entrance and at each location where patrons may collect winnings:”

**Gambling is a crime. If you win more than \$5.00 per play, you may be arrested and fined \$500.00**

## 6. Permit Issued to Business

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“Game Room Permits shall be issued only to business entities which have been registered and are currently active with the Texas Secretary of State and to whom the Texas Comptroller of Public Accounts has issued a currently valid Texas Tax Identification Number”

- Intended to ensure legitimacy of business running game rooms.
- No indication whether this had an impact.



# 7. Permittee Acknowledgement

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“Game Room Permits shall not be issued to a Permittee unless the application is signed by an Applicant who is named in public filings with the Texas Secretary of State as either an officer or a managing member of the Permittee”

I am applying for a Permit on behalf of the Permittee and I have actual knowledge of the operation of a Game Room under this permit; I acknowledge that any person operating a Game Room under this permit will do so under my direction and control, and I further acknowledge that I may be held criminally liable for illegal activity associated with the Game Room under this permit, including gambling, gambling promotion, or keeping a gambling place under Chapter 47 of the Penal Code; operating an unauthorized Game Room under Chapter 14 of the City Code; and other applicable penal statutes

## 8. Inspection by City Officials

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“A Person who does not allow a Peace Officer, Fire Safety Official, or designated City employee to inspect a Game Room commits an offense.”

- Requested by Police Officers
- No indication whether this had an impact.



## 9. Receipt from Comptroller

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“A copy of a receipt the Texas Comptroller of Public Accounts showing the total number of Amusement Machines for which the state occupations tax has been paid and for which registration decals have been issued by the Texas Comptroller of Public Accounts for the time period of the relevant permit application.”

- The local Comptroller’s office did not issue receipts.
- This did not work, and was later removed from our code.

# 10. Application Fee Increase

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Increased application fee from \$25 to \$780.

- Captured costs related to both application processing and enforcement activities, divided by number of past annual applications.
- Could have included additional costs from other departments.
- No indication that this had a deterrent impact.



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