

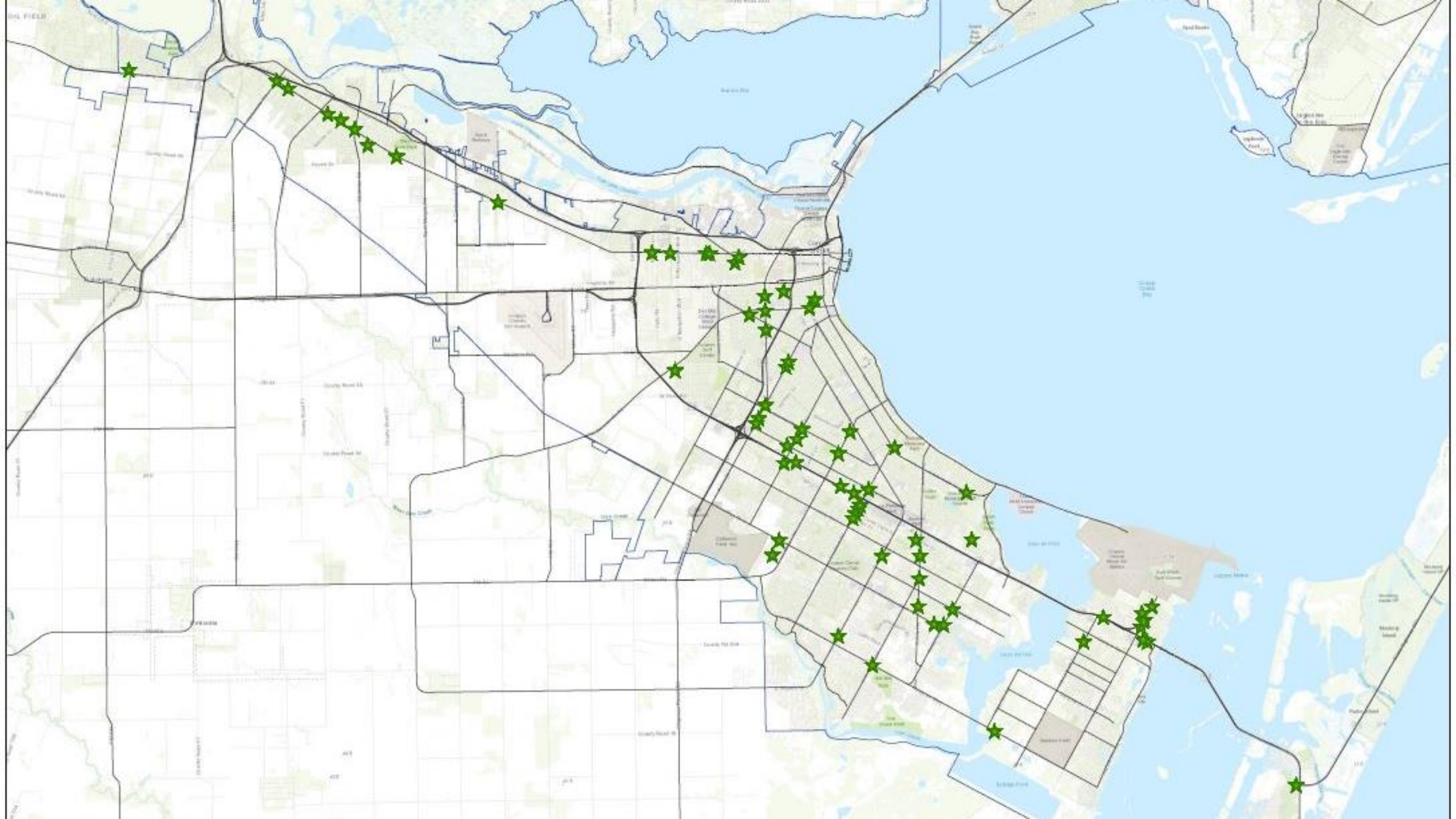
Game Rooms

City Council Presentation

December 7, 2021



Game Room



Background

- During the August 31, 2021, City Council meeting, multiple residents attended to speak during the public comment period about game rooms throughout Corpus Christi
- As a result, the City put together a work group consisting of the City Manager's Office, the City's Legal Department, and the Corpus Christi Police Department
- The work group met several times and gathered information on game rooms in Corpus Christi
- This briefing will include several details on game rooms to include the number of game rooms in Corpus Christi, the legality of game rooms, the difference between the regulation and enforcement of game rooms, and staff recommendations

Legal Issues Related to Game Rooms

- Texas Penal Code Chapter 47 prohibits gambling-device versions of bingo, keno, blackjack, lottery, roulette, and video poker
- In 1993 and 1995, amendments were made to the Penal Code that legalized “amusement” machines
- Amusement machines are described as electronic games that offer low-value prizes not to exceed \$5 or 10 times the cost of playing the game once, whichever is less

Are Game Rooms Legal?

- Not illegal to own a gaming room or gaming equipment
 - *How it is operated and how awards are paid-out are what makes it illegal*
- Game rooms may still operate while pending criminal cases
- Goal is not to shutdown game rooms but rather to stop the game room related illegal activities going on in them

Game Rooms Enforcement in Corpus Christi

- Investigations and enforcement actions have been and continue to be taken through the Corpus Christi Police Department's criminal investigations
- Statistics since 2015:
 - 96 investigations have been conducted by CCPD
 - Of those 96 investigation, 20 gambling cases being filed with either State or Federal prosecutors

Why Are Game Rooms Still Operating if They Are Operating Illegally?

- Investigation and prosecution of illegal gambling requires substantial police resources and is time intensive
- The three most common state charges filed as a result of these investigations are only class A misdemeanors, and punishable at most by up to one year in jail and/or \$4,000 fine (City can only a Class C Misdemeanor, punishable by fine only)
 - Gambling Promotion
 - Keeping a Gambling Place
 - Possession of a Gambling Device
- Law enforcement agencies and prosecutors traditionally prioritize violent crime over non-violent crime
- More serious felony charges such as money laundering are possible but require even more investigative resources and are extremely time consuming

What Regulations Can Nueces County Establish Restricting Game Rooms?

- Texas Local Gov't Code § 234.133 (passed in 2019)
- Counties may restrict “game rooms” (for-profit businesses with six or more amusement redemption machines) with Class A punishment (jail time) for violations, as follows:
 - *restrict location of game rooms to specified areas of the county*
 - *prohibit game rooms within specified distance to school, church, or neighborhood*
 - *restrict the number of game rooms within a specified area of the county*
 - *file civil injunction to prohibit the violation of the ordinance. Violation can result in up to \$10,000 fine per violation (per day)*

Can the City Have a Role in County Regulations Regarding Game Rooms?

- City has been primary enforcement for gambling and game rooms
- City police and other officials could administer parts of a County regulatory scheme pursuant to an interlocal agreement
- City resources are limited
 - City would need to be appropriately compensated for the devotion of municipal resources for a County effort
 - City has talked to County officials, but has not been offered such compensation

Bingo Industry

- The local Bingo industry has claimed loss of income, but not supported by evidence
- The 10-year revenue history of bingo tax receipts increased from \$298,000 to \$383,000

Fiscal Year	Amount*
2021	\$383,000
2020	\$316,000
2019	\$343,000
2018	\$301,000
2017	\$391,000
2016	\$387,000
2015	\$378,000
2014	\$344,000
2013	\$289,000
2012	\$298,000

*Amounts are approximate

Recommendations

- City staff does not recommend changes to City Code in this area
- The City is constantly monitoring game rooms and will continue to investigate and file criminal charges related to them

Recommendations Continued

- We recommend the City defer to the stronger (Class A) County legislative authority
- Government regulations will ultimately be difficult to enforce because game rooms are constantly evolving

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