SUBJECT: Amendments to the Lottery Licensing By-law to Address Changes by the Alcohol and Gaming Commission Respecting Bingo Licensing (PED07130) (City Wide)

RECOMMENDATION:

(a) That Section 7(1) of the Lottery Licensing By-law be amended to require the payment of a $165.00 flat rate fee for a Bingo licence.

(b) That a by-law in the form attached as Appendix “A” to Report PED07130 be passed and enacted.

(c) That staff be directed to report back within 18 months, to advise as to the impact, if any, the flat rate fee has had on licensing revenues.

Lee Ann Coveyduck
General Manager
Planning and Economic Development Department
EXECUTIVE SUMMARY:

The Alcohol and Gaming Commission of Ontario (AGCO) is revising the revenue model for Bingo licensing. At present the City’s by-law bases the licensing fee on three percent of the retail value of the prizes (commonly referred to as the “Prize Board”) offered at each event. In the case of Bingo events the Prize Boards range from $4,200 to $5,500 per event - generating from $615 to $825 in licence revenue per day from each Bingo Hall. The AGCO, however, intends to limit the Prize Board dollar amount upon which a municipality may base its licence fee to $1. To offset potential revenue losses suffered by a municipality, the AGCO is providing for the implementation of a flat rate licensing fee, at the discretion of each municipality, of up to a maximum of $165, notwithstanding the $1 Prize Board amount.

Staff, therefore, recommends that the Lottery Licensing By-law be amended, in the case of Bingo licensing fees, to repeal the existing fee based on three percent of the Prize Board and to implement the maximum $165 flat rate Bingo licensing fee allowed by the AGCO.

BACKGROUND:

At present the City licenses Bingo events operating out of two Bingo Halls, specifically, Delta Bingo and Princess Bingo. Currently, all events operating at the Delta Bingo Hall offer the maximum Prize Board of $5,500. When the three percent rule is applied, for each of the five events during each day, this generates licensing revenues of $825 per day. By contrast, many of the events operating at the Princess Bingo Hall offer Prize Board amounts less than the maximum, averaging out over the five events during each day to approximately $4,200 and generating licensing revenues in the order of $625 per day.

At this time, the AGCO merely licenses the Associations formed by all of the event holders operating out of their respective Bingo Halls. Effective May 01, 2007, the AGCO intends to also license the individual event holders based on the Prize Board amount and, accordingly, intends to reduce the municipal portion of the Prize Board to $1, while allowing the municipality to charge a flat rate licensing fee. The AGCO is also intending to allow for other changes to the regulation governing Bingo games, including but not limited to multiple games per event.

ANALYSIS/RATIONALE:

Staff is recommending the maximum flat rate Bingo licensing fee allowable in order to accommodate other revisions to the Bingo Revenue Model undertaken by the AGCO. As mentioned earlier, the AGCO is now prepared to permit multiple games during a single event, which was never the case in the past. Since multiple games provide for greater revenues to the Bingo operator, Bingo operators who currently run more than one event are now likely to consolidate two or three events into one multiple game
event. Since the City may only license events, not individual games, the City’s revenues may decrease.

An analysis of the licensing fees being proposed as of May 1, 2007 by other municipalities indicates the following:

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Population</th>
<th>License Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penetanguishene</td>
<td>8,748</td>
<td>$65.00</td>
</tr>
<tr>
<td>Hawksbury</td>
<td>10,314</td>
<td>$165.00</td>
</tr>
<tr>
<td>Huntsville</td>
<td>18,427</td>
<td>$65.00</td>
</tr>
<tr>
<td>Owen Sound</td>
<td>21,461</td>
<td>$62.50</td>
</tr>
<tr>
<td>Aurora</td>
<td>45,000</td>
<td>$165.00</td>
</tr>
<tr>
<td>Ajax</td>
<td>74,907</td>
<td>$100.00</td>
</tr>
<tr>
<td>Thunderbay</td>
<td>102,617</td>
<td>$90.00</td>
</tr>
<tr>
<td>Kingston</td>
<td>104,851</td>
<td>$165.00</td>
</tr>
<tr>
<td>Oakville</td>
<td>144,128</td>
<td>$165.00</td>
</tr>
<tr>
<td>Windsor</td>
<td>207,959</td>
<td>$165.00</td>
</tr>
<tr>
<td>Brampton</td>
<td>422,600</td>
<td>$40.00</td>
</tr>
<tr>
<td>Hamilton</td>
<td>490,268</td>
<td>$165.00&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Mississauga</td>
<td>700,000</td>
<td>$165.00</td>
</tr>
<tr>
<td>Toronto</td>
<td>2,481,494</td>
<td>$165.00</td>
</tr>
</tbody>
</table>

<sup>1</sup>proposed amount

Staff is also recommending that direction be given to report back within 18 months, since the AGCO will be reviewing its revenue model within a year and since staff will have a clearer picture of the effects of the proposed maximum allowable fee on municipal revenues.

**ALTERNATIVES FOR CONSIDERATION:**

The Committee may consider recommending a lower fee of $145 per event licence, based on averaging the licensing fees paid by charitable organizations working out of both Bingo Halls. While this option would, in any case, be unpalatable to those charitable organizations currently being charged considerably less as a result of offering Prize Boards having less prize money, it will appeal to those charitable organizations currently being charged $165 per event, based on 3% of a $5,500 Prize Board.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

Financial

Assuming no change in the number of events run out of each Bingo Hall, the following chart sets out a comparison between actual 2006 revenues and potential revenues resulting from the “averaged” $145 licensing fee and the maximum $165 licensing fee.
It should be noted that if the consolidated multiple game event concept is adopted by event operators, revenues will be less than those projected. The follow-up report recommended by staff would include whether multiple game events have affected revenues.

**Staffing**

None

**Legal**

Save for the enactment of the recommended amending by-law, there are no legal implications.

**POLICIES AFFECTING PROPOSAL:**

None

**RELEVANT CONSULTATION:**

On Wednesday, March 14, 2007, Lottery Licensing staff met with Legal Services staff to discuss the ramifications of the AGCO decision and the City’s best response.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

<table>
<thead>
<tr>
<th>Hall</th>
<th>Events Licensed</th>
<th>Net 2006 Revenues</th>
<th>Potential Revenues @ $145 per event</th>
<th>Potential Revenues @ $165 per event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Princess</td>
<td>1816</td>
<td>$223,368.00</td>
<td>$263,320.00</td>
<td>$299,640.00</td>
</tr>
<tr>
<td>Delta</td>
<td>1882</td>
<td>$310,530.00</td>
<td>$272,890.00</td>
<td>$310,530.00</td>
</tr>
<tr>
<td>Total</td>
<td>3698</td>
<td>$533,898.00</td>
<td>$536,210.00</td>
<td>$610,170.00</td>
</tr>
</tbody>
</table>

Licensing revenue is enhanced or, at least, protected.
Does the option you are recommending create value across all three bottom lines?  
☐ Yes  ☑ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?  
☐ Yes  ☑ No

PDB/MBH/kag
Attach . (1)
CITY OF HAMILTON

BY-LAW NO. __________

To Amend By-law No. 04-134,
Being the LOTTERY LICENSING BY-LAW

WHEREAS Section 207 of the Criminal Code provides that a charitable or religious organization may conduct and manage a lottery scheme for charitable objects or purposes, subject to licensing and such terms and conditions as may be imposed;

AND WHEREAS the Lieutenant Governor of Ontario, by Order-in-Council 2688/93, did empower a municipal council to issue lottery licences to charitable or religious organizations;

AND WHEREAS on the 16th day of June, 2004, the Council of the City of Hamilton passed and enacted By-law No. 04-134, being the LOTTERY LICENSING BY-LAW;

AND WHEREAS it is necessary to amend By-law No. 04-134;

NOW THEREFORE the Council of the City of Hamilton enacts as follows:

1. By-law No. 04-134 is hereby amended by deleting subsection 7(1) in its entirety and by substituting in its place the following subsection;

   “7.  (1) A person applying for a licence shall pay a licence fee at the time the application is submitted, being three percent of the retail value of all prizes or;

   (a) in the case of a lottery scheme at a bazaar, three percent of the retail value of all prizes and ten dollars per wheel per day for wheels of fortune;

   (b) on and after the day such a licence fee is permitted by the Registrar of Alcohol and Gaming, in the case of a bingo, $165.00 per event.”
To Amend By-law No. 04-134,
Being the LOTTERY LICENSING BY-LAW

2. This By-law shall come into force and take effect on the date of its passing and enactment.

PASSED and ENACTED this day of , 2007

_________________________________  ____________________
Fred Eisenberger     Kevin C. Christenson
MAYOR             CLERK