

CITY OF GRAND JUNCTION, COLORADO

ORDINANCE NO. 5199

**ENACTING A MORATORIUM WITH FINDINGS, INTENT AND PURPOSE TO
EXTEND THE PROHIBITION ON THE ESTABLISHMENT OF ANY NEW OR
RELOCATION OF EXISTING GAMING ARCADES OR GAMING USES WITHIN THE
CITY OF GRAND JUNCTION; PROVIDING THAT THE MORATORIUM SHALL BE IN
EFFECT FOR A PERIOD WHICH SHALL TERMINATE AT THE EARLIEST OF THE
CITY'S ADOPTION OF FURTHER AMENDMENT(S) TO TITLE 21 AND/OR TITLE 9
OF THE GRAND JUNCTION MUNICIPAL CODE OR THE EXPIRATION OF 365
DAYS FROM THE EFFECTIVE DATE OF THIS ORDINANCE**

RECITALS:

A new type of "gray casino" business has been operating in the City of Grand Junction (City) and throughout Colorado. The businesses look, feel, and operate much like Las Vegas style casinos. The businesses, which are referred to as "skilled gaming", use technology to operate in a gray area of the law which purports to distinguish games of skill from games of chance.

Due to the technology, the investigation and prosecution of the businesses as illegal gambling, *i.e.*, games of chance, is difficult and accordingly the skilled gaming businesses continue to operate in the City. Notwithstanding some of the investigatory challenges the Grand Junction Police and the Mesa County Sheriff have been conducting operations to better understand the scope of the problems presented. Certain of those operations have resulted in prosecutions.

With the passage of HB22-1412 the State's Gaming Commission was empowered to investigate and prosecute crimes and enforce regulations pertaining to unlicensed gaming establishments throughout Colorado; however, the Colorado Division of Gaming Enforcement and Investigations Section has advised the City that the Division will not operate/provide enforcement outside of the cities authorized for limited gaming in Article XVIII, Section 9 of the Colorado Constitution (Blackhawk, Central City, and Cripple Creek).

The games of skill typically offered by these businesses are video machines, similar to video slot machines, which the player may win money, cryptocurrency, or other value. Because these businesses operate in a gray area of the law, sometimes known as simulated gambling, they are unregulated and uncontrolled under Colorado law. The businesses often bring problems of increased crime, no public health oversight, and no regulation of the flow of money. Because the businesses typically do not sell products, a City sales tax license is not required.

An extended temporary moratorium disallowing new skilled gaming businesses will allow time for the City Attorney's Office, the Grand Junction Police Department, and the City's Community Development Department to continue to review skilled gaming and

will allow the City an opportunity to evaluate potential regulation, licensure, and other avenues, including coordination with the State, to better limit the impact the businesses are having on the community.

By and with the adoption of Ordinance 5190 the City amended the Zoning and Development Code to define *Skilled Gaming as Adult Entertainment* and define *Gaming Arcade* (aka skilled gaming business) and the various machines, games and devices that contribute to the undesirable outcomes of the operation of those business in the City; however, further amendments, such as buffering, zoning, and permitting need to be considered.

This temporary moratorium is narrowly tailored and will further the health, safety, and welfare of the people of the City of Grand Junction.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE GRAND JUNCTION THAT:

- 1) The Recitals are incorporated herein and in light of the same, and based on the record of the hearing and adoption of this Ordinance, the City Council finds that the establishment of any new or relocation of any existing *Gaming Arcade(s)* (aka skilled gaming business) that offers or provides at any location, including a business, residence or private club, that is owned, leased, or otherwise possessed, in whole or in part, by a person or by that person's partners, affiliates, subsidiaries, agents, or contractors which features (i) slot machine(s), (ii) gambling device(s), (iii) simulated gambling device(s), or (iv) any mechanical, electrical, video, electronic, or other device, contrivance or machine which after insertion or conveyance of a coin, debit card, credit card, cash, token or similar object or upon payment of any required consideration whatsoever by a player, is available to be played or operated, and which, whether by reason of the skill of the player or application of the element of chance, or both, may deliver or entitle the player operating the machine to receive monetary compensation and/or redeemable game credits, or any other thing of value. This definition expressly includes 'fish game' 'fish game table' 'fish game gambling table' however denominated that consists of a tabletop electronic display with one or more stations featuring buttons, joysticks, or other control(s) that delivers to the player cash, cash premiums, redeemable game credits or any other thing of value for successful play, whether the redeemable payout is made from the machine, another machine, or from an employee of the business. This definition expressly excludes any business location which features bona fide amusement devices that pay nothing of value, cannot be adjusted to pay anything of value, provide only unredeemable free games, or provide only tickets redeemable for nonmonetary prizes consisting of toys or novelties of nominal value; crane games; BINGO operations, coin-operated music machines; or any bona fide amusement device authorized within restaurants

by C.R.S 44-3-103(47) is(are) temporarily prohibited within the City of Grand Junction, Colorado as provided in this Ordinance.

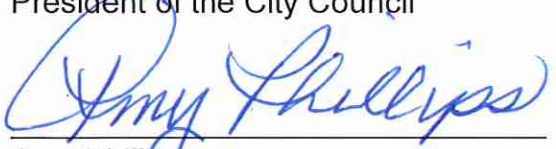
- 2) In the City's experience as described in the record of the hearing and adoption of this Ordinance, *Gaming Arcade(s)*/skilled gaming establishments tend to give rise to blighting and deterioration of the areas in which they are located. Instances of blight and deterioration include increased property crimes, drug and other legal and illegal substance(s) being sold and abused at and/or near the businesses, gambling, and acts of violence.
- 3) In an effort to respond to and otherwise work against blight and deterioration that the City has found to be associated with Gaming Arcade(s)the City Council finds that it is necessary to preserve the public health, safety, morals, and general welfare of the residents and businesses of the City to afford additional time for City staff to evaluate the impact of Gaming Arcades, to determine and recommend to City Council whether such uses are legal and, if so, can those uses be appropriately sited within the City with appropriate regulation, whether by buffering, zoning and permitting, or any other lawful means as to prevent the specific erosion of the character of affected neighborhoods and the City in general, or whether such uses are or should be prohibited.
- 4) Imposition of Moratorium. A moratorium period is hereby declared on all new establishments not in existence or the relocation of existing establishments as of [DATE (THE EFFECTIVE DATE OF THIS ORDINANCE)], constituting Gaming Arcades (aka skilled gaming businesses), Slot Machine(s), Gambling Device(s) and Simulated Gambling Device(s) (as the same are defined in GJMC or Colorado law) from the effective date of this Ordinance, March 24, 2024, for the period of three hundred sixty five (365) days to March 24, 2024 (inclusive), or until further action of the City Council ending, modifying or extending this moratorium, whichever occurs first. Such further action shall be taken accordingly by ordinance of the City Council. No application(s) pertaining to sales and use tax, amendment(s) to the official zoning map, site development, liquor license, sign permit, building permit, any development permit, or renewal or transfer of any of the aforementioned shall be accepted for review by the City for the moratorium period as defined herein.

Introduced on first reading this 7th day of February 2024 and ordered published in pamphlet form.

Passed and adopted on second reading this 21st day of February 2024 and ordered published in pamphlet form.



Anna M. Stout
President of the City Council



Amy Phillips
City Clerk



I HEREBY CERTIFY THAT the foregoing Ordinance, being Ordinance No. 5199 was introduced by the City Council of the City of Grand Junction, Colorado at a regular meeting of said body held on the 7th day of February 2024 and the same was published in The Daily Sentinel, a newspaper published and in general circulation in said City, in pamphlet form, at least ten days before its final passage.

I FURTHER CERTIFY THAT a Public Hearing was held on the 21st day of February 2024, at which Ordinance No. 5199 was read, considered, adopted, and ordered published in pamphlet form by the Grand Junction City Council.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City this 23rd day of February 2024.



Deputy City Clerk

Published: February 9, 2024
Published: February 23, 2024
Effective: March 24, 2024

