

**CITY OF GATESVILLE, TEXAS
ORDINANCE 2026-07**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GATESVILLE, TEXAS AMENDING THE CODE OF ORDINANCES, AS PREVIOUSLY AMENDED, BY ~~ADDING A NEW~~AMENDING ARTICLE IX “COIN-OPERATED MACHINES, SWEEPSTAKES, ONLINE GAMES AND INDOOR AMUSEMENT FACILITIES;” PROVIDING A CONFLICTS RESOLUTION CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A PENALTY OF FINE NOT TO EXCEED THE SUM OF \$500.00 FOR EACH OFFENSE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City receives frequent complaints from citizens regarding lack of regulation of coin-operated machines, including but not limited to gambling devices within the City; and

WHEREAS, the City Council has determined that it serves the public health, safety and general welfare to adopt an ordinance prohibiting gambling devices and regulating coin-operated machines, sweepstakes, online games, and indoor amusement facilities where these machines or devices are the primary use within the City;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GATESVILLE, TEXAS THAT:

SECTION 1. The City of Gatesville Code of Ordinances is hereby amended by amending Chapter 32 “Licenses, Permits, and Miscellaneous Regulations” by adding a new Article IX “Coin-Operated Machines, Sweepstakes, Online Games and Indoor Amusement Facilities” to read in its entirety as follows:

“CHAPTER 32 – LICENSES, PERMITS, AND MISCELLANEOUS REGULATIONS

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**ARTICLE IX. – COIN-OPERATED MACHINES, SWEEPSTAKES, ONLINE GAMES
AND INDOOR AMUSEMENT FACILITIES**

Sec. 32-260. Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Amusement Redemption Machine means any electronic, electromechanical, or mechanical contrivance, including sweepstake machines, designed, made, and adapted solely for bona fide amusement purposes, and that by operation skill or a combination of skills affords the user, in addition to any right of replay, an opportunity to receive exclusively non cash merchandise prizes, toys, or novelties, or a representation of a value redeemable for those items that have a

wholesale value available from a single play of the game or device of not more than 10 times the amount charged to play the game or device once or \$5, whichever is less. Amusement Redemption Machine includes the following skill or pleasure machines:

1. A machine that awards the user noncash merchandise prizes, toys, or novelties solely and directly from the machine, including claw, crane, or similar machines; and

2. A machine from which the opportunity to receive noncash merchandise prizes, toys, or novelties, or a representation of value redeemable for those items, varies depending upon the user's ability to throw, roll, flip, toss, hit, or drop a ball or other physical objects into the machine or a part thereof, including basketball, golf, bowling, or similar machines. A representation of value means cash paid under authority of sweepstakes contestants as provided by the Texas Business and Commerce Code, Section 43, or a gift certificate or gift card that is presented to a merchant in exchange for merchandise.

Building Official means the representative of the City of Gatesville or other person designated by the city manager.

Coin-operated machine means any kind of machine or device operated by or with a coin or other United States currency, metal slug, token, electronic card, or check, including a music or skill or pleasure coin-operated machine.

Facility supervisor means a natural person who manages, controls or operates an indoor amusement facility on behalf of the owner or operator.

Gambling device means any electronic, electromechanical, or mechanical contrivance that for a consideration affords the player an opportunity to obtain anything of value, the award of which is determined solely or partially by chance, even though accompanied by some skill, whether or not the prize is automatically paid by the contrivance. The term includes, but is not limited to, gambling device versions of bingo, keno, slot machines, blackjack, lottery, roulette, video poker, or facsimiles thereof, that operate by chance or partially so, that as a result of the play or operation of the game award credits or free games, and that record the number of free games or credits so awarded and the cancellation or removal of the free games or credits.

Indoor amusement facility means an amusement enterprise wholly enclosed in a building offering entertainment or games to the general public, for a fee, including, but not limited to a bowling alley, billiard parlor/pool hall, and a facility with video games, computer games, skill or pleasure coin-operated machines, and/or amusement redemption machines. Indoor amusement facility does not include a business that exhibits less than five (5) video games, computer games, skill or pleasure coin-operated machines, or amusement redemption machines as a secondary use of the property, if the business does not otherwise fall into the definition of an indoor amusement facility.

Licensing officer means the Building Official.

Music coin-operated machine means any kind of coin-operated machine, including a phonograph, piano, or graphophone that dispenses music or is used to dispense music; is operated by inserting a coin, metal slug, token, or check; and is not an amusement machine designed exclusively for a child.

Online Gaming is the practice of playing video games over the internet or a computer network, allowing players to connect, compete, or cooperate in virtual environments. These games

range from simple web-based applications to complex, massive multi-player worlds (MMOGs) accessible via consoles, PCs and mobile devices.

Online Gaming Facility is a virtual platform, website, or application that enables users to engage in gambling or video gaming activities over the internet using connected devices. It functions as a digital equivalent to a traditional gaming venue, allowing users to place wagers, play games of chance or skill, and receive payouts.

Operator means a person who exhibits or displays, or permits to be displayed, a coin-operated machine in this city in a place of business that is not owned by the person.

Owner means any person owning any "coin-operated machine" or indoor amusement facility in this city.

Person includes an individual, association, trustee, receiver, partnership, corporation, company, organization, or other business entity or a manager, officer, owner, agent, servant, or employee of the same.

Service coin-operated machines means every pay toilet, pay telephone and all other machines or devices which dispense service only and not merchandise, music, skill or pleasure.

Skill or pleasure coin-operated machine means any kind of coin-operated machine that dispenses or is used or is capable of being used to dispense or afford, amusement, skill, or pleasure or is operated for any purpose, other than for dispensing merchandise, music, or service and that is not a gambling device. The term includes marble machines, marble table machines, marble shooting machines, miniature race track machines, miniature football machines, miniature golf machines, miniature bowling machines, billiard or pool games, or machines or devices that dispense merchandise or commodities or plays music in connection with or in addition to dispensing skill or pleasure; and does not include an amusement machine designed exclusively for a child.

Sweepstakes device a mechanical, video, digital, or electronic machine or device, including a computer whether or not connected to the internet, that is owned, leased, or otherwise possessed by any person conducting a sweepstakes, or by that person's partners, affiliates, subsidiaries, or contractors, that is intended to be used by a sweepstakes participant, and that is capable of displaying information on a screen or other mechanism. A device is a "sweepstakes terminal device" if any of the following apply:

(1) The device uses a simulated game terminal as a representation of the prizes associated with the results of the sweepstakes entries.

(2) The device utilizes software such that the simulated game influences or determines the winning of or value of the prize.

(3) The device selects prizes from a predetermined finite pool of entries.

(4) The device utilizes a mechanism that reveals the content of a predetermined sweepstakes entry.

(5) The device predetermines the prize results and stores those results for delivery at the time the sweepstakes entry results are revealed.

(6) The device utilizes software to create a game result.

(7) The device reveals the prize incrementally, even though the device does not influence the awarding of the prize or the value of any prize awarded.

(8) The device determines and associates the prize with an entry or entries at the time the sweepstakes is entered.

Sec. 32-261. Prohibited locations.

- (a) No indoor amusement facility shall be permitted within three hundred (~~300~~1,000) feet, measured from front door to front door, of any school building, church or hospital in this city.
- (b) No indoor amusement facility can be located within one thousand (1,000) feet of another indoor amusement facility which has been properly licensed in accordance with the City's Code of Ordinances.
- (c) A person, business or facility that exhibits less than five (5) skill or pleasure coin-operated machines, sweepstakes devices, online games, or amusement redemption machines as a secondary use of the property may not be located in the same building with another business or facility exhibiting less than five (5) skill or pleasure coin-operated machines, sweepstakes devices, online games, or amusement redemption machines as a secondary use of the property.
- (d) A person, business or facility that exhibits less than five (5) skill or pleasure coin-operated machines, sweepstakes devices, online games, or amusement redemption machines as a secondary use of the property may not be located within one thousand (1,000) feet of a licensed indoor amusement facility.

Sec. 32-262. License required and exceptions.

- (a) Ownership and/or operation of an indoor amusement facility within the City requires an annual indoor amusement facility license issued by the City in accordance with the provisions of article.
- (b) A person commits an offense if the person:
 - Recklessly or with criminal negligence owns or operates an indoor amusement facility without an indoor amusement facility license; or
 - Recklessly or with criminal negligence owns or operates a gambling device within the city limits of the City of Gatesville; or
 - Knowingly allows operation of a gambling device in a building or other facility in which the person holds an ownership interest; or
 - Knowingly allows operation of an indoor amusement facility without a valid indoor amusement facility license issued by the City.
- (b) Acquisition of a license under this article is a separate and distinct requirement from any other licensing requirement required by the state or any other entity. Possession of some other license shall not relieve a person of the requirement to obtain a license pursuant to this article.
- (c) It is a defense to prosecution under this section that the person:

- is operating an indoor amusement facility at a place owned by the federal, state, or local government;
- is a non-profit organization that operates the indoor amusement facility for the organization's exclusive use and to further the purposes of the organization; or
- is operating an indoor amusement facility at a place licensed by the Texas State Lottery Commission.

Sec. 32-263. Injunction and prosecution.

- (a) A person who owns or operates or causes to be operated an indoor amusement facility without the license required under this article is subject to civil penalty, suit for injunction, as well as prosecution for criminal violations.
- (b) A person who owns or operates or causes to be operated a Gambling device as defined in this article is subject to civil penalty, a suit for injunction, as well as prosecution for criminal violations.

Sec. 32-264. License application.

- (a) An annual application for a license to operate an indoor amusement facility must be made to the licensing officer on the form prescribed by that official. The application must be accompanied by a sketch or diagram showing the configuration of the premises as well as the location of all coin-operated machines, sweepstakes devices, online games, or amusement redemption machines~~pool tables~~, and exits. The sketch need not be professionally prepared but must clearly exhibit the configuration in a manner acceptable to the licensing officer.
- (b) If a person who wishes to operate an indoor amusement facility is an individual, he must sign the application for a license as the applicant. If the person who wishes to operate an indoor amusement facility is other than an individual, each individual who has a twenty (20%) per cent or greater interest in the proposed operator must sign the application for a license.
- (c) All applications must be accompanied by a non-refundable annual application fee in an amount determined as a part of the city's annual budget and published in the City's fee schedule, as may from time to time be amended or updated. An application shall not be considered to have been filed until the application fee is paid and all information required by the application form is submitted.
- (d) All applications must be accompanied by a statement signed by the person(s) identified in subsection (b) of this section and stating that the entertainment or games offered at the indoor amusement facility, including but not necessarily limited to all coin-operated machines and pool tables, will not be used as gambling devices and that all facts contained in the application are true and correct.

Sec. 32-265. Application review.

- (a) *Preliminary inspection.* The licensing officer shall forward a copy of all indoor amusement facility applications to the police department, planning department, inspection department and any other city department involved in the review process. Upon receipt of the copy of the application, each department shall make such inspection and/or investigation of the applicant,

premises, and equipment as is necessary for the enforcement of ordinances and laws for which the department has responsibility. Upon completion of the review, the reviewing department shall forward to the licensing officer its recommendation for approval or disapproval of the application. If the recommendation is for disapproval, the reviewing department shall clearly set forth its reason for the recommendation. If all departments recommend approval, then a final inspection shall be conducted.

- (b) *Final inspection.* The city shall make a final inspection of the facility after all equipment and furnishings are in place to ensure the facility complies with all applicable codes and ordinances. If after final inspection, the recommendation is for disapproval, the city shall clearly set forth its reason for the recommendation. If the recommendation is for approval, a license shall be issued in accordance with section 32-266.

Sec. 32-266. License issuance or denial; term; time limitation for compliance with division.

- (a) *Issuance.* Following successful final inspection and a recommendation for approval, the licensing officer shall issue an indoor amusement facility license, upon payment of the license fee, to an applicant within thirty (30) days, unless the licensing officer finds one (1) or more of the following is true:
- (1) An applicant is under eighteen (18) years of age;
 - (2) An applicant has falsely answered a question or request for information on the application form;
 - (3) The indoor amusement facility is not in compliance with applicable laws and ordinances;
 - (4) The applicant has been denied a license or the renewal of a license under this article within the preceding twelve (12) months or has had a license issued under this article revoked within the preceding twenty four (24) months and the denial or revocation has not been successfully appealed; or
 - (5) An applicant has been convicted of a crime involving gambling, gambling promotion, keeping a gambling place, or possession of a gambling device, equipment or paraphernalia; the sale of an alcoholic beverage without a permit or license from the state; prostitution or promotion of prostitution; manifesting the purpose of engaging in prostitution; or unlawfully carrying a weapon, provided;
 - a. If the conviction was for a misdemeanor offense, less than two (2) years have elapsed since the date of the conviction or the date of release from confinement for the conviction, whichever is the later date; or
 - b. If the conviction is for a felony offense, less than five (5) years have elapsed since the date of conviction or the date of release from confinement for the conviction, whichever is the later date; or
 - c. If the conviction is for two (2) or more misdemeanor offenses or a combination of misdemeanor offenses occurring within any twenty-four (24) month period, less than five (5) years have elapsed since the date of the last conviction or the date of release from confinement for the last conviction.

- d. The fact that a conviction is being appealed shall have no effect on the disqualification of the applicant.
 - e. Transitional Compliance for Existing Facilities and Coin-Operated Machines. Any indoor amusement facility or business operating coin-operated machines, sweepstakes devices, online games, or amusement redemption machines within the City of Gatesville on the effective date of this ordinance that is in possession of a valid permit may continue to operate under the terms of that permit until its expiration. Upon expiration, no license or permit shall be renewed or reissued unless the facility or business is in full compliance with all provisions of the Gatesville Code of Ordinances, including but not limited to the prohibition of gambling devices as defined herein. This transitional period does not constitute an exemption or grandfathering. All facilities and businesses shall be required to meet the current regulatory standards upon permit renewal.
- (b) *Extension of review period.* If the applicant is in the process of correcting conditions on the premises so that the premises will comply with applicable ordinances and laws, the applicant may be granted thirty (30) days from date of notice to bring the premises into compliance, or a new application shall be required.
 - (c) *Term.* No license shall be effective until it has been issued. All licenses for indoor amusement facilities issued under the provisions of this article shall be valid for a period of one (1) year from the date of issuance. The date of issuance shall be stated on the license.

Sec. 32-267. Contents; posting of license; notice of change in ownership.

- (a) An indoor amusement facility license issued under this article shall state on its face to whom it is issued, the date of issuance, the date of expiration, the address and location of such indoor amusement facility and shall be signed by the licensing officer.
- (b) The license shall be posted by the licensee in a conspicuous place and in such a manner and position that it may be easily read at any time of day or night.
- (c) A replacement license may be issued for a lost, destroyed or mutilated license upon application. A replacement license shall have the word "REPLACEMENT" stamped across its face and shall bear the same number as the one it replaces.
- (d) A licensee shall notify the licensing officer within ten (10) days of a change or partial change of ownership or change of address or trade name.

Sec. 32-268. License transfer.

A licensee under this article shall not transfer his license to another, nor shall a licensee operate an indoor amusement facility under the authority of a license at any place other than the address designated on the license.

Sec. 32-269. Suspension and revocation of license.

- (a) The City of Gatesville, through an official designated by the City Manager, may suspend or revoke a license if it determines that:

- (1) The owner, operator, or facility supervisor has refused to allow an inspection of the premises, as authorized by this article;
 - (2) The owner, operator, or facility supervisor has demonstrated an inability to operate or manage an indoor amusement facility in a peaceful and law abiding manner;
 - (3) A cause of suspension occurs and the license has already been suspended within the preceding twelve (12) months;
 - (4) An owner or operator gave false or misleading information in the material included on or with his original application or a renewal application or in response to an inquiry by the city;
 - (5) An owner, operator, or facility supervisor has been convicted of a violation set forth in subsection 32-266(a)(5);
 - (6) The indoor amusement facility has been operated without a facility supervisor being physically present; or
 - (7) The indoor amusement facility is being operated in violation of the building codes or city ordinances, or state law including owning and operating gambling devices, as defined in this Code of Ordinance.
- (b) The fact that a conviction is being appealed shall have no effect on the suspension or revocation of the license.
- (c) Notice of suspension shall be served either in person or by certified mail to the owner or operator of the indoor amusement facility and the owner of the building in which the indoor amusement facility is located.

Sec. 32-270. License renewal.

- (a) A renewal application on the form prescribed by the licensing officer may be submitted no earlier than sixty (60) days before the expiration of the license. The renewal application must be accompanied by a renewal fee set by the city council as a part of the city's annual budget. When an application for renewal is submitted less than thirty (30) days before the expiration date of the license, the expiration date of the license will not be affected.
- (b) When the renewal application has been filed as required above, the licensing officer shall have seven (7) days to determine whether to issue a renewal license, or to reject the renewal application and require the applicant to file an original application and review the renewal request under the same standards as the original license application. If the licensing officer requires that the renewal be handled as though it were a new application, the review period set out in section 32-266 shall commence upon the filing of the completed original application form, not upon the filing of the renewal application form. The following shall constitute grounds for rejecting the renewal application and requiring the filing of an original application form:
- (1) The receipt by any department of the city of confirmed complaints about the operation of the indoor amusement facility during the period that the license for which renewal is sought has been in force;

- (2) The discovery by any official of the city of a violation of any ordinance or law during the preceding year on the premises which was related to the operation of the indoor amusement facility; or
 - (3) An increase in police calls to the indoor amusement facility or the area immediately adjacent to the premises that are related to the operation of the indoor amusement facility.
- (c) If a license expires during an extension of the review period, provided for in section 32-266, the licensee may continue to operate the indoor amusement facility until a decision on the renewal is rendered. If the renewal is denied, the licensee must cease operation of the indoor amusement facility immediately upon notification. Notice of the denial shall be sufficient if personally given to the owner, operator, or facility supervisor provided for in section 32-273, or if delivered to the owner, operator, or facility supervisor at the address shown on the renewal application by mail, return receipt requested.
- (d) When an application for renewal is ultimately denied, the applicant shall not be issued a license for one (1) year from the date of the denial. If, subsequent to denial, the licensing officer finds that the basis for denial of the renewal license has been corrected or abated, the applicant may be granted a license if at least ninety (90) days has elapsed since the date the denial of the renewal application was final.
- (e) The rejection of a renewal application and requirement that the renewal be handled as though it were an original application may not be appealed; however, the final denial of a license renewal by the licensing officer may be appealed in accordance with section 32-271.

Sec. 32-271. Appeal.

- (a) Appeal of denial. suspension or revocation of permit.
- (1) The initial decision and notice by an inspector to suspend or revoke a permit may be appealed to the supervisor over the inspector by giving written notice to the supervisor no later than the fifth calendar day after receipt of the written notice of the decision. The supervisor may uphold, reverse, or modify the decision of the inspector. If an appeal is not filed as provided herein, the decision of the inspector is final, and no further appeal will be considered.
 - (2) The initial denial of a permit, or the decision of the supervisor over the inspector following a timely appeal of the inspector's decision to suspend or revoke a permit as provided in subsection (1) above, may be appealed to the city manager by filing a written notice of appeal with the director no later than the fifth day after receipt of written notice of the initial or appeal decision. The city manager may uphold, reverse, or modify the decision to deny, suspend or revoke the permit. If an appeal is not filed as provided herein, the initial or appeal decision is final, and no further appeal will be considered.
 - (3) The decision of the city manager is final.

Sec. 32-272. License fees.

Before any license for an indoor amusement facility shall be issued by the city, the person applying for the license shall pay to the city the fees that are established by the city council as part

of the city's annual budget. These fees may include an application fee to cover the costs associated with processing the application in addition to an annual license fee.

Sec. 32-273. Operation of indoor amusement facilities.

- (a) *Indoor amusement facility supervisor.* A person who owns or operates an indoor amusement facility must designate one (1) or more persons as facility supervisors. The names of the facility supervisors must be included in a license application or renewal application. Whenever a change in the facility supervisors occurs, notice of that change shall be given to the licensing officer. A facility supervisor must remain on the premises of the indoor amusement facility during operating hours.
- (b) *Authority to vacate premises.* The chief of police, fire marshal or building official or their designees shall have the power to cause an indoor amusement facility to be vacated whenever any provision of this article is being violated or when a situation that poses an immediate threat to safety exists. In addition, where a violation of any ordinance of the city or state law is discovered, the chief of police, fire marshal or building official may order that an indoor amusement facility be vacated and remain closed for up to twenty-four (24) hours after it is determined that the violation that resulted in the order to close has been corrected.
- (c) *Hours of operation.* The indoor amusement facility shall not be operated between 12:00 a.m. and 8:00 a.m.
- (d) *Layout.* All skill or pleasure coin-operated machines, pool tables, and bowling lanes shall be in full and open public view. No skill or pleasure coin-operated machine, pool table, or bowling lane shall be in a room that is closed off from the main area of the facility.

Sec. 32-274. Criminal penalties.

- (a) A violation of this article shall be a Class C misdemeanor and the penalty for violating this article shall be a fine of not more than five hundred dollars (\$500.00) and each day a violation exists shall be a separate offense. It is also a criminal violation of this article and a Class C misdemeanor punishable by a fine of not more than five hundred dollars (\$500.00) and not less than fifty dollars (\$50.00) to intentionally, knowingly, recklessly or with criminal negligence provide false answers or information to the City of Gatesville on or in connection with the application for or application for renewal of an indoor amusement facility license.
- (b) Possession and/or operation of Gambling device. Any person or persons in possession of a gambling device as defined shall be subject to criminal penalties provided in (a) above. Machines identified as being in violation of the provisions of this ordinance will be confiscated and any funds deposited in said machine(s) shall be subject to the forfeiture and seizure policy of the Gatesville Police Department.

Secs. 32-275—32-280. Reserved.”

SECTION 2. Should any word, sentence, paragraph, subdivision, clause, phrase or section of this ordinance, as amended hereby, be adjudged or held to be void or unconstitutional, the same shall not

affect the validity of the remaining portions of said ordinance, or the Gatesville Code of Ordinances, as amended hereby, which shall remain in full force and effect.

SECTION 3. An offense committed before the effective date of this Ordinance is governed by prior law and the provisions of the Gatesville Code of Ordinances, as amended, in effect when the offense was committed, and the former law is continued in effect for this purpose.

SECTION 4. Any person, firm or corporation violating any of the provisions or terms of this Ordinance shall be subject to the same penalty as provided for in the Gatesville Code of Ordinances, as amended, and upon conviction shall be punished by a fine not to exceed the sum of Two Hundred Dollars (\$200) for each offense, and each and every day such violation shall continue shall be deemed to constitute a separate offense.

SECTION 5. This ordinance shall take effect immediately after the third and final reading.

Ordinance No. 2026-07 was read the first time and passed to the second reading this _____ day of _____, 2026.

Ordinance No. 2026-07 was read the second time and passed to the third reading this _____ day of _____, 2026.

Ordinance No. 2026-07 was read the third time and duly approved, passed and adopted this the _____ day of _____, 2026.

APPROVED:

Gary Chumley, Mayor

ATTEST

Holly Owens, City Secretary, T. R.M.C.