Hearing Date: 3/3/2026 9:30 AM
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Judge: Calendar, 9

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IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

SPORTS BETTING ALLIANCE, Plaintiff, v. CITY OF CHICAGO; IVAN CAPIFALI, as Commissioner of Department of Business Affairs and Consumer Protection; CHICAGO DEPARTMENT OF FINANCE; and MICHAEL BELSKY, as City Comptroller, Defendants.	)	Case No. 2025CH12984 Hon.

VERIFIED COMPLAINT FOR DECLARATORY JUDGMENT AND PERMANENT INJUNCTION

Plaintiff Sports Betting Alliance ("SBA" or "Plaintiff"), by and through undersigned counsel, brings this verified complaint pursuant to 735 ILCS 5/2-701 for declaratory and injunctive relief against Defendant City of Chicago (the "City"), Defendant Ivan Capifali in his official capacity as Commissioner of the City of Chicago's Department of Business Affairs and Consumer Protection, Defendant Chicago Department of Finance, and Defendant Michael Belsky in his official capacity as the Comptroller of the City of Chicago (collectively, "Defendants"), and alleges as follows:

Nature of the Action

1. This action seeks a declaration of the invalidity and unconstitutionality of the City of Chicago's interpretation of its amendments to Title IV, Chapter 4-156, Article VII of the Chicago Municipal Code, Section 4-156-960 *et seq.*, scheduled to take effect on January 1, 2026 (the "Chicago Ordinance Amendments"), which would impose a new municipal licensing requirement and a 10.25% tax on all online sports wagering in the City, as well as an injunction

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precluding enforcement of the purported licensing requirements against all sportsbook operators that accept online sports wagers from customers located in the City, and of the tax set forth in the amendments.

2. The Chicago Ordinance Amendments exceed the City of Chicago's constitutional authority. Under Article VII, Section 6(e) of the Illinois Constitution, a home rule unit such as the City of Chicago, may not require a "license for revenue" or "impose taxes upon or measured by" income, earnings, or occupations unless the General Assembly has expressly granted that power to the home rule unit. The General Assembly has not done so here.

3. In June 2019, Illinois legalized sports wagering statewide by enacting the Sports Wagering Act. 230 ILCS 45/1 *et seq*. The Sports Wagering Act established a comprehensive State-controlled licensing, regulatory, and taxation framework for sports wagering overseen by the Illinois Gaming Board.

4. The SBA's members include the sportsbook businesses operating under the trade names Bet365, BetMGM, DraftKings, FanDuel, and Fanatics Betting and Gaming, including their State-licensed operating subsidiaries that provide sports wagering in Illinois and in other jurisdictions where sports wagering is legal. These Illinois sportsbook operators already pay effective tax rates that can exceed ***50%*** of their online sports wagering income in Illinois—one of the highest tax burdens on legal sports wagering in the country.

5. Since the enactment of the Sports Wagering Act, SBA members have lawfully offered sports wagering to customers in Chicago and across Illinois pursuant to state regulation and oversight. Consistent with Illinois requirements, SBA members have adopted robust safeguards to prevent underage wagering and operate sportsbooks only in the states and jurisdictions where online and/or retail sports betting is legal and where they have complied with

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necessary licensing requirements. SBA members are among the most heavily regulated and highly taxed businesses operating in Illinois.

6. The City of Chicago hastily enacted the Chicago Ordinance Amendments on December 20, 2025, as part of a last-minute effort to pass a budget before the December 31 deadline and thereby avoid a municipal government shutdown. The City adopted this novel municipal licensing fee and income-based tax on online sports wagering in Illinois without constitutional or statutory authority to do so.

7. According to the City, the Chicago Ordinance Amendments also require sports wagering operators, including all SBA members, to pay substantial licensing fees. The master sports wagering license holders with whom SBA members partner under the State regulatory scheme will be forced to pay $50,000 for a "primary" City-level license and $25,000 annually thereafter to maintain it, while SBA members themselves will be contractually required to reimburse the license holders for those fees and to pay $10,000 for an initial "secondary" City-level license and $5,000 annually thereafter to maintain it. The Amendments also impose a whopping 10.25% municipal tax on net income from all sports wagers placed within City limits.

8. The City has communicated to representatives of the SBA and their members that, under the Chicago Ordinance Amendments, even SBA members that operate no physical location in Chicago must nevertheless be licensed by January 1 to continue accepting online wagers from customers located in the City. The Ordinance, as amended, says no such thing. By its plain language, the amended Ordinance requires a sports wagering operator to obtain a license only if it is conducting sports wagering at a "physical location" within the City, including conducting "related" mobile wagering "as a result of" the operator being "physically located in Chicago." Chi. Mun. Code, § 4-156-962.

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9. With only one exception, the SBA members have no "physical location" in Chicago. And for the sole member that does, its online sportsbook operations are not related to its physical location in Chicago. The City's attempt to apply the Chicago Ordinance Amendments to SBA members with no physical location in Chicago contravenes the plain language of Section 4-156-962.

10. The only SBA member with a physical location in the City—DraftKings affiliate Northside Crown Gaming LLC, conducts in-person betting at its brick-and-mortar location, DraftKings Sportsbook at Wrigley Field ("DraftKings Wrigley"). Those in-person operations are entirely separate from DraftKings' online sports betting offered throughout Chicago and Illinois, which are conducted through a different DraftKings affiliate, Crown IL Gaming LLC. Indeed, since 2020, DraftKings has been providing online sports betting state-wide, including in Chicago, through Crown IL Gaming LLC. When DraftKings Wrigley opened in 2024, providing in-person bets through Northside Crown Gaming LLC, DraftKings continued to provide online sports betting exclusively through Crown IL Gaming LLC just as it had done before, and it does so to this day. DraftKings' sports betting operations, in short, have never been, "related to" or "as a result of" in-person wagering at DraftKings Wrigley. Thus, the Ordinance, as amended, does not apply to DraftKings' online sports betting operations across Chicago.

11. Separate and independent of the City's untenable interpretation of the Chicago Ordinance Amendments' licensing requirement, the City's paradigm-shifting amendments also fail on constitutional grounds. The State—not the City—has sole authority to license and tax online sports wagering in the State of Illinois. The Illinois Constitution reserves authority over licensing for revenue and income-based taxation to the State unless expressly delegated. The

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Illinois General Assembly has never authorized the City to impose licensing fees or income-based taxes on online sports wagering.

12. For these reasons, among others, the Chicago Ordinance Amendments' licensing and tax requirements for online sports wagering violate Article VII, Section 6(e) of the Illinois Constitution and therefore are unenforceable.

13. Enforcement of the invalid and unconstitutional Chicago Ordinance Amendments against SBA members would cause immediate and irreparable harm to SBA's members. Critically, having passed the budget imposing the new municipal licensing requirement only on December 20, 2025, the City is unable to perform the due diligence necessary to issue licenses ahead of the amended Ordinance's January 1, 2026 effective date. Absent injunctive relief, SBA members would be unable to continue operations in Chicago and remain in compliance with the Chicago Ordinance Amendments as interpreted by the City. They would thus be faced with an impossible choice: operate without a City license or cease online sports book operations entirely within the City. Ceasing operations in Chicago would likely cause irreparable injury to the SBA members' ongoing business operations, their reputations, and customer goodwill along with the imminent loss of revenue from being forced to suspend operations in the City of Chicago as well as the costs and operational disruptions associated with geofencing and disabling lawful online wagering within City limits. These harms cannot be recovered through damages because municipalities are immune from monetary liability arising from the enactment or enforcement of legislation. As a result, SBA members have no adequate remedy at law, necessitating equitable relief from the City's interpretation of the Amended Ordinances. Alternatively, operating without a City license—even though the SBA members disagree with the City's interpretation—would also cause them irreparable harm, including potential cascading regulatory consequences in Illinois

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and other jurisdictions where continued licensure depends on maintaining good standing and suitability everywhere the operator does business, and damaging their reputations and customer goodwill. Illinois' sports wagering regulations, for example, impose on all licensees an ongoing general duty to "Comply with all federal, State, and local laws and regulations," Ill. Admin. Code tit. 11, § 1900.210, and licensees must report to the Illinois Gaming Board "[a]ny adverse action relating to any gaming license or operation in any other jurisdiction," *id.* § 1900.220. Other state laws and regulations impose similar requirements. Continuing operations without a municipal license would therefore risk irreparable harm, including potentially impairing SBA members' ability to maintain licenses or obtain new ones in other jurisdictions.

14. SBA members ceasing operations in Chicago also would harm customers of these legal sportsbook operators by driving them from legalized sports wagering to the illegal sports wagering alternatives readily available on the internet and through local bookies, that lack any state oversight or consumer protections. Because those alternatives are untaxed, forcing SBA members to "go dark," would deprive Illinois, and, derivatively, Chicago, of significant revenues under existing state tax laws from online sports wagering that has been legal in Illinois and in Chicago since 2019.

15. Even if SBA members do not cease operations in Chicago, absent court intervention, they will be required to pay many millions of dollars under this unlawful 10.25% tax. This also could mean added costs, making offshore, illegal gaming an increasingly more attractive option than legal, regulated sports wagering for bettors in Chicago and likely damaging SBA members' reputations and goodwill.

16. As Alderman Gilbert Villegas recently explained in a letter to the Chicago Tribune: "There's a right way and a wrong way to do things, and when you do things the wrong way, they

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can get messy and costly in a hurry. That's one of the reasons that Chicago budget leaders should abandon the misguided and half-baked idea of taxing people in Chicago who go online to bet on sports…. City budgets need solutions that are predictable and dependable, and a new tax on sports bets isn't one of them. Under these tight circumstances, an additional sports bet tax by Chicago will simply drive more bettors away from legal betting sites."[1]

The Parties

17. Plaintiff Sports Betting Alliance ("SBA") is an Internal Revenue Code section 501(c)(6) non-profit trade association headquartered in Arlington, Virginia whose member entities are licensed by the Illinois Gaming Board ("IGB") to conduct sports wagering in Illinois. As used herein, "SBA members" include the sportsbook businesses operating under the trade names Bet365, BetMGM, DraftKings, FanDuel, and Fanatics Betting and Gaming, including their State-licensed operating subsidiaries that provide sports wagering in Illinois and in other jurisdictions where sports wagering is legal. SBA members are committed to providing responsible gaming experiences.

18. The SBA advocates for legal, regulated online sports betting and works to eliminate unregulated and illegal betting operations. In furtherance of that goal, the SBA seeks to advance the interests of companies involved in online sports betting and in securing fair and non-discriminatory treatment under both federal and state laws and regulations.

19. The SBA's objectives are to encourage sound regulation and taxation of a previously illegal market, to control and protect the integrity of sports wagering, to provide responsible gaming, and to promote economic development. The newly enacted Chicago

[1] Gilbert Villegas, *Ald. Gilbert Villegas: Chicago shouldn't tax people who go online to bet on sports,* Chicago Tribune, Dec. 18, 2025, https://www.chicagotribune.com/2025/12/18/opinion-chicago-sports-betting-tax/ (last accessed Dec. 29, 2025).

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Ordinance Amendments, as interpreted by the City, would frustrate these objectives by putting existing sports wagering operators in legal jeopardy if they continue to operate in Chicago come January 1, as the City has been incapable of timely implementing the licensing scheme it now claims the Ordinance requires. Ceasing those operations would materially harm SBA members financially and reputationally and would incentivize customers to engage in unregulated and untaxed gaming.

20. SBA members all operate online sportsbooks in Illinois, including within the City of Chicago. SBA members offer online sports betting in Chicago, with safeguards in place to, among other things, prevent minors from betting. SBA members operate only in the states and jurisdictions where online and/or retail sports betting is legal, licensed, regulated, and taxed.

21. In 2025, SBA members have processed the vast majority of online sports wagers placed in Chicago and statewide. SBA members' operations in Illinois have generated immense tax revenues for the State. In October 2025 alone, sports wagering in Illinois yielded more than $56 million in State tax revenue—the vast majority of which is attributable to online sports wagers placed with SBA members. The State is on pace to generate over half a billion dollars in tax revenue from sports wagering in calendar year 2025.

22. Defendant City of Chicago is an Illinois municipal corporation with offices located at City Hall, 121 N. LaSalle Street, Chicago, Illinois 60602. Through its various offices (including the Department of Finance and the Department of Business Affairs and Consumer Protection), employees, agents and/or elected officials, the City of Chicago will administer and collect the primary and secondary sports license fees and the 10.25% tax on the adjusted gross sports wagering receipts under the Chicago Ordinance Amendments. Chi. Mun. Code, § 4-156-960 *et seq*. (eff. Jan. 1, 2026).

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23. Defendant City of Chicago is a "home rule unit" within the meaning of the Illinois Constitution and state statutes.

24. Defendant Ivan Capifali (the "Commissioner") is sued in his official capacity as Commissioner of the City of Chicago's Department of Business Affairs and Consumer Protection. Under the Chicago Ordinance Amendments, Commissioner Capifali is empowered to administer the Chicago Ordinance Amendments. Chi. Mun. Code, § 4-5-010.

25. Defendant Chicago Department of Finance is the division of the City of Chicago that is responsible for revenue collection. Taxes paid pursuant to the Sports Wagering Act are due and payable to the Department of Finance. Chi. Mun. Code, § 4-156-974.

26. Defendant Michael Belsky (the "Comptroller") is sued in his official capacity as the Comptroller of the City of Chicago, which is the office at the head of the Chicago Department of Finance. Comptroller Belsky is empowered to collect all City revenue, including the impending licensing fees and 10.25% tax imposed on SBA members under the Chicago Ordinance Amendments.

Jurisdiction and Venue

27. This Court has jurisdiction over this matter pursuant to 735 ILCS 5/2-701, as well as under Article VI, § 9 of the Illinois Constitution, because there is an actual and justiciable controversy between Plaintiff and Defendants arising under the Illinois Constitution, Article VII, Section 6 and Article IX, Section 3, as to which Plaintiff is entitled to a declaration of its members' rights.

28. The Court has jurisdiction over Plaintiff's challenge of the City's licensing and taxation of sports wagering revenue because Plaintiff disputes the validity of the assessment of that licensing and taxation under the Constitution of the State of Illinois.

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29. This Court has personal jurisdiction over Defendants because: (i) the City of Chicago is an Illinois entity with its principal place of business in Illinois; (ii) the Chicago Department of Revenue is a subdivision of the City of Chicago; (iii) the Commissioner and Comptroller reside in Illinois; and (iv) the conduct directed and enforced by the City, the Department of Finance, the Comptroller, and the Commissioner against Plaintiff occurred, is occurring, and will occur in Illinois. 735 ILCS 5/2-209(a)(1), (b)(2), (b)(4), (c).

30. Venue is proper in this Court because: (i) Defendants have their principal office(s), or conduct business in Cook County, Illinois, 735 ILCS 5/2-101(1), 2-102(a), 2-103(a); and (ii) transactions that gave rise to Plaintiff's cause of action against Defendants – the adoption of the Ordinance Amendments at issue and the impending application thereof – occurred and are occurring in Cook County, Illinois, 735 ILCS 5/2-101(2).

Standing

31. The SBA has standing to bring this action on behalf of affected SBA members, each of which operates legal sports betting businesses that accept wagers from customers located throughout Illinois, including in Chicago, pursuant to the standards for associational standing. *See Hunt v. Washington Apple Advertising Commission*, 432 U.S. 333 (1977).

32. The Chicago Ordinance Amendments will cause SBA members real, immediate, and direct harm by precluding them from operating in Chicago after January 1 in compliance with the City's interpretation of the Chicago Ordinance Amendments. As noted, in the seven business days between the City's adoption of the Chicago Ordinance Amendments and the January 1 effective date, the City has failed to create and administer a system for granting the licenses it claims SBA members require. Whether SBA members decide to operate without a City license or cease operations entirely within the City, the harm is irreparable.

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33. If the operators suspend online sports betting in Chicago, it will cause immediate and irreparable injury to SBA members' goodwill, customer relationships, and ongoing business operations. It will expose them to financial losses and reputational harm in one of the busiest sports betting months of the year, including from New Year's Day college football bowl games, the balance of the College Football Playoffs, and the NFL playoffs. These additional financial harms cannot be recovered through damages because municipalities are immune from monetary liability arising from the enactment or enforcement of legislation. As a result, SBA members have no adequate remedy at law.

34. Ceasing legal online operations also will harm the SBA members' customers and the public interest, as bettors will be driven to illegal gambling alternatives. And it will injure the State and City by depriving them of tax revenues under existing Illinois statutes that tax online sports wagering.

35. Alternatively, operating without a City license would cause SBA members irreparable harm as well, by potentially jeopardizing their sportsbook state licenses in Illinois and in other jurisdictions across the country and damaging their reputations and customer good will.

36. Finally, even if SBA members obtained licenses pursuant to the amendments, the Chicago Ordinance Amendments' 10.25% tax would harm SBA members by costing them untold millions of dollars in lost revenues, and likely harming their reputations and impairing customer goodwill.

Factual Background

A. Statewide Framework for Online Sports Betting

37. The June 2019 passage of the Illinois Sports Wagering Act ("Sports Wagering Act") legalized sports betting in Illinois. Before sports betting was legalized, it occurred in Illinois solely through illegal channels such as underground and offshore sportsbooks. The Sports

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Wagering Act legalized both online and retail sports betting in the State, authorizing retail facilities including in-State casinos, racetracks, and larger sports venues to offer sports betting.

38. The Sports Wagering Act's stated goal is to promote public safety for sports leagues, teams, players, and fans by making sports betting legal and regulating it. 230 ILCS 45/25-5.

39. **State Licensing Regime**. To conduct sports wagering in Illinois, SBA members and their casino partners underwent lengthy, thorough, and expensive processes to obtain master sports wagering licenses, management service provider licenses, and, as necessary, supplier licenses. *See* 230 ILCS 45/25-20; Ill. Admin. Code tit. 11, § 1900.150. Applicants for these licenses must meet certain minimum qualifications, Ill. Admin. Code tit. 11, § 1900.520, and submit to an application process that is governed by the IGB, Ill. Admin. Code tit. 11, § 1900.620. An applicant for an Illinois license must make substantial disclosures of records to the IGB and complete thorough background checks.

40. SBA members possess "management services provider licenses" from the State to operate sports wagering in Illinois. These management services provider licenses allow SBA members to contract with casino partners who are "master sports wagering licensees" (a separate license) under the Sports Wagering Act to do business in Illinois. In general, the management services providers, such as SBA members, manage sports wagering operations, and creating and maintaining the online sportsbook platform. The license and application fee for a management services provider license is $1,000,000, with a renewal fee of $500,000 due to the IGB every four years.

41. **State Taxes on Gross Receipts.** In addition to these licensing fees, Illinois also taxes SBA members' monthly "adjusted gross sports wagering receipts" ("AGSWR"), which the

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Sports Wagering Act defines as "a master sports wagering licensee's gross sports wagering receipts, less winnings paid to wagerers in such games." 230 ILCS 45/25-10. AGSWR is equivalent to an SBA member's net income from sports wagering operations in Illinois. Illinois taxes SBA members' AGSWR based on graduated scale that reaches 40%. A significant portion of the AGSWR for certain SBA members is taxed at the top 40% rate.

42. Consistent with the Illinois Constitution, the State expressly reserved for itself the authority to tax AGSWR for the purposes of raising revenue for certain home rule units' operations under the Sports Wagering Act. That statute provides that "the State shall impose and collect 2% of the adjusted gross receipts from sports wagers that are placed within a home rule county with a population of over 3,000,000 inhabitants, which shall be paid, subject to appropriation from the General Assembly, from the Sports Wagering Fund to that home rule county for the purpose of enhancing the county's criminal justice system." 230 ILCS 45/25-90(a-5).

43. Cook County, which includes the City of Chicago, is the only home rule county with over 3 million inhabitants. Thus, Illinois collects a supplemental 2% tax on SBA members' AGSWR for sports wagers placed in Cook County and remits those tax revenues to the County.

44. Simply put, the 2% Cook-County-specific tax, was statutorily created ***by the State***, is collected ***by the State***, and is paid ***by the State*** to Cook County. This demonstrates a clear statutory framework whereby ***Illinois*** decides how much sports wagering is taxed state-wide and in any home-rule units such as Cook County or Chicago. Through the Chicago Ordinance Amendments, the City of Chicago seeks to improperly impose an ***additional*** 10.25% tax on top of the Illinois-wide tax of up to 40%, and the Cook County Supplement of 2%, on AGSWR.

45. **Additional State Taxes on Online Sports Wagering.** In 2025, Illinois amended the Sports Wagering Act to implement an additional tax on each and every online sports wager

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made in Illinois. In addition to paying the State up to 42% of their AGSWR, SBA members must pay 25 cents per wager for the first 20 million online wagers placed that year and 50 cents per wager for all additional online wagers beyond the initial 20 million. 230 ILCS 45/25-90(d-7).

46. Several SBA members have either passed the costs of these per-wager taxes through to their customers or imposed minimum betting limits, resulting in a year-over-year decrease in the number of legal sports wagers placed online in the State. The Illinois Gaming Board reported a decline of over twelve million wagers placed online in the State in September and October of 2025, compared to September and October 2024.

47. The State of Illinois derives additional revenue from bettors' payment of income taxes on winnings from online sports betting. SBA members help facilitate assessment and collection of this State revenue. By contrast, this system is not possible for illegal, black-market online or in-person sports betting operations, which often are able to evade the detection or reach of state regulators and tax authorities, and enable their customers to evade their state income tax obligations as well.

B. The Chicago Ordinance Amendments

48. On December 20, 2025, just 11 days prior to the December 31 budget deadline (just seven business days accounting for the Christmas holiday), the Chicago City Council passed an alternative budget with a revenue plan that amended Chicago's municipal code. The amendments include the new Chicago Ordinance Amendments, which, according to the City's discussions with the SBA, the City interprets as bringing all online sports betting in Chicago under the City's licensing and taxing authority for the first time. No other municipality in the country imposes its own licensing and taxing regime on online sports betting on top of a state's; the City's is the first of its kind.

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49. The City has notified the SBA and its members that it will enforce the Chicago Ordinance Amendments against all operators that accept online sports bets within the City of Chicago, and that it understands them to require operators to obtain City-level licenses under Section 4-156-962. That reading of the Chicago Ordinance Amendments is untenable and at odds with the plain language of the ordinance.

50. The Chicago Ordinance Amendments now include "online sports wagering operators" in a section listing persons that cannot "conduct sports wagering at a physical location" in Chicago or conduct "related mobile sports wagering permitted under the Sports Wagering Act as a result of [the operator] being physically located in the City" without requiring City-level licenses. Effective January 1, the amended Ordinance provides:

> **License Required**. It shall be unlawful for any person to conduct sports wagering at a physical location in the City ~~**of Chicago**~~, including related mobile sports wagering permitted under the Sports Wagering Act as a result of such person being physically located in the City ~~**of Chicago**~~, unless such person: (1) is an owners licensee, organization licensee, sports facility or its designee, **an online sports wagering operator,** or a management services provider of such person, and (2) holds all necessary licenses under the Sports Wagering Act, and (3) holds valid City licenses including a primary sports license and, if applicable, necessary secondary sports licenses.

Chi. Mun. Code, § 4-156-962 (emphasis added, reflecting the Chicago Ordinance Amendment revisions).

51. The City of Chicago has recently stated that it will apply this provision as requiring a license from ***any*** entity that accepts online sports wagers from ***customers*** located in the City. This interpretation is groundless.

52. The Chicago Ordinance Amendments do not require sports wagering operators to obtain licenses based on the location of their customers. The Ordinance's plain text requires sportsbook operators to obtain a City license only if they have a "physical presence" in Chicago

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or conduct online sports wagering "related to" and "as a result of" that physical presence in the City. Simply put, the touchstone of the licensing requirement is whether an operator has a physical location in the City and is providing online sports wagering tied to that physical location, not where the operator's customers are located. Under the plain language of the Chicago Ordinance Amendments, a sports betting operator with no physical presence in the City is not subject to the license requirement, even if it accepts online sports wagers customers from located in Chicago. While the plain text is clear, the City's contrary position—that the Chicago Ordinance Amendments' licensing requirement depends on the location of the customer—has no support.

53. With only one exception, the SBA members have no physical location in Chicago. And the sole SBA member with a physical location in the City (DraftKings Wrigley) only accepts in-person betting at that location through its affiliate Northside Crown Gaming LLC. By contrast, all of DraftKings' online sports betting across Chicago and throughout Illinois is through its licensed affiliate Crown IL Gaming LLC, which conducts no in-person betting in Chicago. In short, no DraftKings entity accepts online sports wagering in Chicago "related to" or "as a result of" that single physical retail location in Chicago and thus the Chicago Ordinance Amendments do not apply.

54. The Ordinance provides for two types of municipal licenses: a "primary sports license," which the Ordinance states is required for master sports wagering licensees (entities that SBA members partner with pursuant to the Illinois framework); and a "secondary sports license," which the Ordinance states is required for management services providers (SBA member entities). Chi. Mun. Code, §§ 4-156-960, 4-156-962. Thus, to continue doing business in Chicago under the Chicago Ordinance Amendments as interpreted by the City, both SBA members and their

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Illinois master sports wagering licensee partners must obtain secondary and primary municipal licenses, respectively.

55. Under the City's Municipal Code, primary sports licenses cost $50,000 for the initial year and $25,000 for each subsequent year. Secondary sports licenses cost $10,000 for the initial year and $5,000 for each subsequent year. These license fees are higher than any other license fees the City imposes for any other types of business. Chi. Mun. Code, § 4-5-010.

56. The Chicago Ordinance Amendments do not impose any regulatory requirements on licensees with respect to online sports wagering conduct beyond those required by the State for the corresponding State licenses. The City's licensing requirement exists only to raise revenue.

57. Unlike the Sports Wagering Act or other state-level licensing frameworks across the country, the Chicago Ordinance Amendments provide no rubric, timeline, application or requirements relating to the licensing process. *See generally* Chi. Mun. Code, § 4-156-960 *et seq*.

58. Although the Chicago Ordinance Amendments do not textually require SBA members to obtain new licenses by January 1, and although the City of Chicago has no basis to impose a new municipal-level license, SBA members have attempted to cooperate with the City's interpretation of the Chicago Ordinance Amendments and obtain requisite licenses by January 1, 2026. These efforts have included meeting with the Mayor and sending his office a December 18, 2025 letter urging it to "develop a cogent licensing framework" and provide a reasonable timeframe by which SBA members can "understand the requirements, prepare and submit complete applications, and obtain the necessary City licenses prior to enforcement."[2] The SBA's December 18 letter explained that although the Chicago Ordinance Amendments "would impose

[2] https://www.sportsbettingdime.com/app/uploads/2025/12/IL_SBA-Ltr-Mayor-Johnson_12.17.25-1.pdf (last accessed December 29, 2025).

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a City licensing requirement effective January 1, 2026, [] the City does not currently have a licensing rubric" to apply, and that "[i]n the absence of defined terms, application standards, required documentation, and administrative procedures, operators would have no meaningful way to comply with the ordinance upon its effective date." *Id.*

59. After the City Council passed the alternative budget passing the Chicago Ordinance Amendments licensing requirement for online sports wagering, the SBA made further outreach to the City to attempt to obtain licenses ahead of January 1. Despite prior assurances that licenses could and would be issued on December 29, 2025, as of the time of filing this Complaint, the City of Chicago has not issued the required municipal license to any SBA member or to its master license holder. Nor has the City provided a formal determination as to whether any SBA member will receive a City license for online sports wagering by the December 31, 2025 deadline.

60. The SBA and its members have used every available day since the Chicago Ordinance Amendments' passage in a concerted effort to avoid irreparable injury by securing licenses from the City or delaying their implementation. But those efforts have been unsuccessful, putting the SBA members in jeopardy of either violating the Ordinance, as interpreted by the City, after midnight on New Year's Eve, or ceasing online sportsbook operations within the City entirely.

61. Moreover, the Chicago Ordinance Amendments impose a new tax on sports wagering operators which accept any online wagers placed within the City, like SBA members (assuming they are both required and able to obtain licenses). The ordinance provides:

> **Tax Imposed**. There is hereby imposed a tax on each primary sports licensee operating in the City. The rate of the tax shall be 10.25% of the adjusted gross sports wagering receipts from sports wagers that are placed within the City:

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> (1) at, or within a 5-block radius of, any of the following: a casino facility, race track facility, or sports facility where sports wagering is allowed under Section 4-156-968; or
>
> (2) over the internet or through a mobile application as allowed under Section 4-156-968 and verified as having been placed within the City utilizing the internet wagering system requirements provided in Section 1900.1430 of the Sports Wagering Rules and the sports wagering system requirements provided in Section 1900.1450 of the Sports Wagering Rules.

Chi. Mun. Code, § 4-156-973 (eff. Jan. 1, 2026). These taxes are "due and payable to the Department of Finance no later than the 15th day of the month following the calendar month in which the adjusted gross sports wagering receipts were received and the tax obligation was accrued." Chi. Mun. Code, § 4-156-974.

62. The Chicago Ordinance Amendments adopt this Illinois statutory definition of AGSWR: "a master sports wagering licensee's gross sports wagering receipts, less winnings paid to wagerers in such games." Chi. Mun. Code, § 4-156-960; 230 ILCS 45/25-10.

C. The Chicago Ordinance Amendments are Unconstitutional

63. Separately and independently, the Defendants cannot enforce the Chicago Ordinance Amendments because their licensing and tax requirements are unconstitutional. The Illinois Constitution specifically reserves certain essential state powers from being exercised by home-rule units unless ***specifically authorized*** by the General Assembly.

> A home rule unit shall have only the power that the General Assembly may provide by law (1) to punish by imprisonment for more than six months or (2) to license for revenue or impose taxes upon or measured by income or earnings or upon occupations.

Ill. Const., art. VII, § 6(e).

64. The Chicago Ordinance Amendments' City-level licensing requirement is a "license for revenue" within the meaning of Section 6(e). The Illinois General Assembly has never granted the City the power to license online sports wagering for revenue.

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65. The Chicago Ordinance Amendments' 10.25% tax on SBA members' AGSWR is levied "upon or measured by" SBA members' "income or earnings" within the meaning of Section 6(e). But the Illinois General Assembly has never granted the City the power to tax sports wagering income or revenue.

66. Indeed, the Sports Wagering Act, 230 ILCS 45/25 and the Illinois Gambling Act, 230 ILCS 10, which the Sports Wagering Act incorporates, are the Illinois statutes that address licensing, regulation, and taxation of online sports wagering revenues. Neither confers any authority on any county or municipality to impose its own local licensing requirements or taxes of its own.

67. Notably, the Sports Wagering Act evidences the General Assembly's intention with regard to taxation and home rule units. It does not grant authority to any home rule unit to impose or administer its own taxes on any type of sports wagering. Instead, it imposes a single 2% tax for wagers placed in Cook County (and any other home rule county that may reach the certain population threshold in the future), to be imposed by the State and directed to "from the Sports Wagering Fund to that home rule county for the purpose of enhancing the county's criminal justice system." 230 ILCS 45/25-90(a-5). This demonstrates that the General Assembly did not intend for home rule units to impose their own licensing or taxation regimes on top of the State's.

68. The Chicago Ordinance Amendments will push Chicago residents who, since as early as 2020, have participated in online sports wagering legally to turn to available illegal online sports wagering options. And they will deprive the State and City of tax revenues from legal online sports wagering in Chicago, as well as from bettors' winnings on such wagering.

69. Recognizing this, in November 2025, a group of 29 Illinois lawmakers urged the City Council not to pass the then-proposed City tax on online sports betting, calling it "a flawed

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policy that sets a poor precedent, provides minimal fiscal benefit, and reflects the ongoing communication gap that must be addressed if the City and the State are to move forward effectively together" and explained that it "could open the door for a patchwork of local taxes in other state-controlled policy areas, making enforcement and compliance nearly impossible" instead of providing a "legally sound" proposal that "algin[s] with existing state frameworks[.]"[3] The State legislators further explained:

> To layer an additional municipal tax on top of [the State's] … creates an outsized regulatory and administrative burden with minimal fiscal impact. From a policy standpoint, the proposal is deeply problematic. The Illinois General Assembly has already increased the state's sports-betting tax twice in consecutive years—first from a flat 15 percent to a tiered rate as high as 40 percent, and then by adding a per-wager assessment. Illinois now has one of the highest sports-betting tax burdens in the nation.[4]

70. The Chicago Ordinance Amendments threaten the progress made by the SBA, its members, and the State of Illinois in addressing the scourge of illegal, unregulated, and untaxed online sports wagering in the state.

* * *

71. For the foregoing reasons, Plaintiff is entitled to declaratory judgments that the Chicago Ordinance Amendments' licensing and tax requirements violate Section 6(e), Article VII of the Illinois Constitution. Plaintiff is also entitled to injunctive relief preventing the enforcement of the City's aforementioned licensing and tax requirements.

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[3] https://resources.sbcamericas.com/sbcamericas/2025/11/FILE_2868.pdf (last accessed Dec. 29, 2025).

[4] *Id.*

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COUNT I – DECLARATORY JUDGMENT
Pursuant to 35 ILCS 5/2-701
For Lack of Authorization Under Chi. Mun. Code, § 4-156-962

72. Plaintiff repeats and incorporates by reference each of the allegations set forth in paragraphs 1-71 as if fully set forth herein.

73. The City has told representatives of SBA and of SBA members that, as of January 1, 2026, it will apply Chi. Mun. Code § 4-156-962, as amended, as requiring Plaintiff's members to obtain municipal licenses to continue providing online sports wagering in Chicago.

74. But Chi. Mun. Code § 4-156-962 does not require all SBA members to obtain municipal licenses. SBA members that do not have a "physical location" in Chicago or do not provide online sports wagering that is "related" to and "as a result of" their being physically located in the City are not obligated to obtain municipal licenses.

75. An actual controversy exists between the parties regarding the issues set forth hereinabove.

76. This Court is empowered, pursuant to 735 ILCS 5/2-701, to declare the rights of Plaintiff's members.

77. Plaintiff is entitled to declaratory and injunctive relief, as requested below.

COUNT II – DECLARATORY JUDGMENT
Pursuant to 35 ILCS 5/2-701
For Violation of Ill. Const., art. VII, § 6(e)

78. Plaintiff repeats and incorporates by reference each of the allegations set forth in paragraphs 1-71 as if fully set forth herein.

79. Article VII, Section 6(e) of the Illinois Constitution prohibits a home rule unit, such as the City of Chicago, from imposing a license for revenue unless the Illinois General Assembly has provided that home rule unit with that power.

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80. The City of Chicago's January 1, 2026 amendments to section 4-156-960 *et seq.* of the City of Chicago Municipal Code establish a license for revenue with respect to online sports wagering.

81. The State of Illinois has never provided by law that the City of Chicago may establish a license for revenue with respect to online sports wagering.

82. The City of Chicago's January 1, 2026 amendments to section 4-156-960 *et seq*. of the City of Chicago Municipal Code thus violate Section 6(e) of Article VII of the Illinois Constitution.

83. An actual controversy exists between the parties regarding the issues set forth hereinabove.

84. This Court is empowered, pursuant to 735 ILCS 5/2-701, to declare the rights of Plaintiff.

85. Plaintiff is entitled to declaratory and injunctive relief, as requested below.

COUNT III – DECLARATORY JUDGMENT
Pursuant to 35 ILCS 5/2-701
For Violation of Ill. Const., art. VII, § 6(e)

86. Plaintiff repeats and incorporates by reference each of the allegations set forth in paragraphs 1-71 as if fully set forth herein.

87. Article VII, Section 6(e) of the Illinois Constitution prohibits a home rule unit from imposing a tax on income, earnings, or occupation unless the Illinois General Assembly has provided the City of Chicago with that power.

88. The City of Chicago's January 1, 2026 amendments to section 4-156-960 *et seq*. of the City of Chicago Municipal Code establish a 10.25% tax on income, earnings, or occupation with respect to online sports wagering.

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89. The State of Illinois has never provided by law that the City of Chicago may establish a tax on income, earnings, or occupation with respect to online sports wagering.

90. The City of Chicago's January 1, 2026 amendments to section 4-156-960 *et seq*. of the City of Chicago Municipal Code thus violate VII, Section 6(e) of the Illinois Constitution.

91. An actual controversy exists between the parties regarding the issues set forth hereinabove.

92. This Court is empowered, pursuant to 735 ILCS 5/2-701, to declare the rights of Plaintiff.

93. Plaintiff is entitled to declaratory and injunctive relief, as requested below.

Prayer for Relief

WHEREFORE, Plaintiff requests that the Court:

A. Declare that the City of Chicago's licensing requirement for sports wagering operators, Chi. Mun. Code § 4-156-962, as amended and effective January 1, 2026, does not require persons who conduct online sports wagering in the City of Chicago, and who lack a physical presence in the City of Chicago or only conduct online sports wagering unrelated to their physical presence in the City of Chicago, to obtain municipal licenses;

B. Enter relief restraining Defendants from enforcing the City of Chicago's licensing requirement for sports wagering operators, Chi. Mun. Code § 4-156-962, as amended and effective January 1, 2026, during the pendency of this action;

C. Declare that the City of Chicago's licensing requirement for sports wagering operators, Chi. Mun. Code § 4-156-962, as amended and effective January 1, 2026, violates Section 6(e) of Article VII of the Illinois Constitution;

D. Declare that the City of Chicago's 10.25% tax on sports wagering operators' adjusted gross sports wagering receipts from all online sports wagers placed within the City, Chi. Mun. Code § 4-156-973, as amended and effective January 1, 2026, violates Section 6(e) of Article VII of the Illinois Constitution;

E. Enter a permanent injunction enjoining Defendants from enforcing the City of Chicago's licensing requirement, Chi. Mun. Code § 4-156-962, as amended and effective January 1, 2026, against sports wagering operators that lack a physical

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presence in the City of Chicago or only conduct online sports wagering unrelated to their physical presence in the City of Chicago;

F. Enter a permanent injunction enjoining Defendants from enforcing the City of Chicago's 10.25% tax sports wagering operators' adjusted gross sports wagering receipts from all online sports wagers placed within the City, Chi. Mun. Code § 4-156-973, as amended and effective January 1, 2026;

G. Award Plaintiff any license fees or other taxes paid under Chi. Mun. Code §§ 4-156-962 and -973, as amended.

H. Award such further relief as the Court deems just and proper.

Dated: December 30, 2025

Respectfully submitted,

/s/ Gabor Balassa

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VERIFICATION BY CERTIFICATION PURSUANT TO SECTION 1-109

Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he verily believes the same to be true.

DATED: December 29, 2025

Signed by:
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JEREMY KUDON
Chairman, Sports Betting Alliance