



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

HB3633

by Rep. Michael J. Zalewski

#### SYNOPSIS AS INTRODUCED:

New Act

5 ILCS 80/4.31

305 ILCS 5/10-17.15

720 ILCS 5/28-1

from Ch. 38, par. 28-1

Creates the Fantasy Sports Contest Act to provide regulation of companies providing access to paid fantasy sports contests and protect Illinois consumers who play paid fantasy sports contests for prizes from unfair acts and practices that may arise in the gaming process. Provides for the licensure of fantasy sports contest operators by the Illinois Gaming Board. Contains provisions concerning definitions, applicability, authority of the Board, fantasy sports player accounts, data security requirements, restrictions on games offered, prohibited activities, advertising, withholding of delinquent child support, audits, annual reports, applications, background investigations, fees, imposition and distribution of a privilege tax, and limitations on taxation of fantasy sports contest operators. Amends the Regulatory Sunset Act to provide that the Fantasy Sports Contest Act is scheduled to be repealed on January 1, 2021. Amends the Public Aid Code to add a fantasy sports contest operator licensed under the Fantasy Sports Contest Act to the definition of "State gaming licensee" under provisions concerning certification to any State gaming licensee of past due child support. Amends the Criminal Code of 2012 to provide that participants in fantasy sports contests and participation in fantasy sports contests as defined and offered under the Fantasy Sports Contest Act shall not be convicted of gambling. Effective immediately.

LRB100 08205 AMC 18302 b

CORRECTIONAL  
BUDGET AND  
IMPACT NOTE ACT  
MAY APPLY

FISCAL NOTE ACT  
MAY APPLY

1 AN ACT concerning gaming.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the  
5 Fantasy Sports Contest Act.

6 Section 5. Legislative intent. This Act is designed to  
7 provide regulation of companies providing access to paid  
8 fantasy sports contests and protect Illinois consumers who play  
9 paid fantasy sports contests for prizes from unfair acts and  
10 practices that may arise in the gaming process. The regulation  
11 is also intended to protect the families of persons who play  
12 paid fantasy sports contests to the extent that they may be  
13 affected by unfair and deceptive practices that lead to  
14 unaffordable losses.

15 Section 10. Definitions. In this Act:

16 "Beginner fantasy sports player" means an individual who is  
17 at least 21 years of age and who has entered fewer than 51  
18 fantasy sports contests offered by a single fantasy sports  
19 contest operator.

20 "Board" means the Illinois Gaming Board.

21 "Confidential information" means information related to  
22 the play of a fantasy sports contest by fantasy sports players

1 obtained as a result of or by virtue of a person's employment  
2 with a fantasy sports contest operator.

3 "Entry fee" means the cash or cash equivalent paid by a  
4 fantasy sports player located in Illinois at the time of entry  
5 for participation in a fantasy sports contest.

6 "Fantasy sports contest" means any fantasy contest, in  
7 which:

8 (1) the value of all prizes and awards offered to  
9 winning participants are established and made known to the  
10 participants in advance of the contest and their value is  
11 not determined by the number of participants or the amount  
12 of any fees paid by those participants;

13 (2) all winning outcomes are determined predominantly  
14 by accumulated statistical results of the performance of  
15 individual athletes in real-world professional athletic  
16 competitions; a professional athletic competition does not  
17 include any amateur or collegiate level sport; and

18 (3) no winning outcome is based on the score, point  
19 spread, or any performance or performances of any single  
20 actual team or combination of such teams or solely on any  
21 single performance of an individual athlete or player in  
22 any single actual event.

23 A fantasy sports contest in a game or contest that involves  
24 individual athletes from real-world professional athletic  
25 teams, such as football, baseball, basketball, hockey, soccer,  
26 and other team sports: (i) shall consist of individual athletes

1 from at least 3 different real-world professional athletic  
2 teams and (ii) shall not have more than 4 individual athletes  
3 from a single real-world professional athletic team. However,  
4 the prohibition contained in item (ii) of this paragraph does  
5 not apply to a season-long fantasy sports contest.

6 "Fantasy sports contest operator" means any individual,  
7 partnership, corporation, or limited liability company that  
8 engages in the business of offering, by means of the Internet,  
9 a smart phone application, or other similar electronic or  
10 digital media or communication technologies, multiple fantasy  
11 sports contests to persons.

12 "Fantasy sports contest platform" means any website, smart  
13 phone application, or other portal providing access to a  
14 fantasy sports contest.

15 "Fantasy sports contest revenues" means the amount of entry  
16 fees collected from fantasy sports players located in Illinois  
17 accepted by a fantasy sports contest operator that are not  
18 awarded as prizes to fantasy sports players.

19 "Fantasy sports player" means an individual 21 years of age  
20 or over who enters into a fantasy sports contest with an entry  
21 fee offered by a fantasy sports contest operator.

22 "Highly experienced fantasy sports player" means an  
23 individual who is at least 21 years of age and has (1) entered  
24 more than 1,000 contests offered by a single fantasy sports  
25 contest operator or (2) has won more than 3 prizes valued at  
26 \$1,000 or more. Once a fantasy sports player is classified as a

1 highly experienced fantasy sports player, a player shall remain  
2 classified as such.

3 "Minor" means an individual under 21 years of age.

4 "Prize" means anything of value, including money, contest  
5 credits, merchandise, or admission to another contest.

6 "Scripts" means commands that a fantasy sports  
7 contest-related computer program can execute that are created  
8 by fantasy sports players (or by third parties for the use of  
9 fantasy sports players) to automate processes on a fantasy  
10 sports contest platform.

11 "Season-long fantasy sports contest" means a fantasy  
12 sports contest offered by a fantasy sports contest operator  
13 that is conducted over an entire sports season where the entry  
14 fee is paid prior to the start of the season.

15 Section 15. Applicability. This Act and all rules adopted  
16 under the authority of this Act shall only apply to fantasy  
17 sports contests when an entry fee is paid by a fantasy sports  
18 player at the time of entry for participation in a fantasy  
19 sports contest.

20 Section 20. Authority of the Board.

21 (a) The Board shall have jurisdiction over and shall  
22 supervise all fantasy sports contests governed by this Act. The  
23 Board shall have all powers necessary and proper to fully and  
24 effectively execute the provisions of this Act, including, but

1 not limited to, the following:

2 (1) To investigate applicants and determine the  
3 eligibility of applicants for licenses that best serve the  
4 interests of the citizens of Illinois.

5 (2) To adopt such rules as in its judgment may be  
6 necessary to protect or enhance the credibility and  
7 integrity of fantasy sports contests authorized by this Act  
8 and the regulatory process under this Act.

9 (3) To provide for the establishment and collection of  
10 all license and registration fees and taxes imposed by this  
11 Act and the rules issued pursuant to this Act. All license  
12 fees shall be deposited into the State Gaming Fund, and all  
13 taxes collected shall be deposited into the Education  
14 Assistance Fund.

15 (4) To suspend, revoke, or restrict licenses; to  
16 require the removal of a fantasy sports contest operator or  
17 an employee of a fantasy sports contest operator for a  
18 violation of this Act or a Board rule or for engaging in a  
19 fraudulent practice; and to impose civil penalties of up to  
20 \$5,000 against individuals and up to \$10,000 or an amount  
21 equal to the fantasy sports contest revenues, whichever is  
22 larger, against licensees for each violation of any  
23 provision of the Act, any rules adopted by the Board, any  
24 order of the Board, or any other action which, in the  
25 Board's discretion, is a detriment or impediment to fantasy  
26 sports contests.

1           (5) To provide for the levy and collection of penalties  
2           and fines for the violation of provisions of this Act and  
3           the rules adopted under this Act. All such fines and  
4           penalties shall be deposited into the State Gaming Fund.

5           (b) The Board shall adopt emergency rules to administer  
6           this Act in accordance with Section 5-45 of the Illinois  
7           Administrative Procedure Act. For the purposes of the Illinois  
8           Administrative Procedure Act, the General Assembly finds that  
9           the adoption of rules to implement this Act is deemed an  
10          emergency and necessary to the public interest, safety, and  
11          welfare.

12          Section 25. Fantasy sports player accounts.

13          (a) A fantasy sports contest operator shall not allow a  
14          fantasy sports player to create more than one username or more  
15          than one account. A fantasy sports contest operator shall take  
16          commercially and technologically reasonable measures to verify  
17          a fantasy sports player's true identity and address. A fantasy  
18          sports contest operator shall implement and prominently  
19          publish procedures to terminate all accounts of a fantasy  
20          sports player that establishes or seeks to establish more than  
21          one username or more than one account, whether directly or by  
22          use of another person as a proxy. The procedures may allow a  
23          fantasy sports player that establishes or seeks to establish  
24          more than one username or more than one account to retain one  
25          account provided that the fantasy sports contest operator

1 investigates and makes a good faith determination that the  
2 fantasy sports player's conduct was not intended to obtain a  
3 competitive advantage.

4 (b) Fantasy sports contest operators shall not allow  
5 fantasy sports players to use a proxy server for the purpose of  
6 misrepresenting their location in order to engage in fantasy  
7 sports contests.

8 (c) Fantasy sports contest operators shall implement and  
9 prominently publish procedures to terminate all accounts of any  
10 fantasy sports player that establishes or seeks to establish  
11 more than one username or more than one account, whether  
12 directly or by use of another person as a proxy. If an account  
13 is terminated for establishing or seeking to establish more  
14 than one username or more than one account, the account holder  
15 is prohibited from establishing another account with that  
16 fantasy sports contest operator.

17 (d) Fantasy sports contest operators shall take  
18 commercially and technologically reasonable measures to  
19 prevent one fantasy sports player from acting as a proxy for  
20 another. These measures shall include, without limitation, use  
21 of geolocation technologies to prevent simultaneous logins to a  
22 single account from geographically inconsistent locations.

23 Section 30. Protection of consumer funds on deposit and  
24 compliance with data security requirements.

25 (a) Fantasy sports contest operators shall comply with all



1 applicable State and federal requirements for data security,  
2 including, but not limited to, age verification and location  
3 software.

4 (b) Funds in fantasy sports players' accounts shall be held  
5 in segregated accounts by the fantasy sports contest operators  
6 for the fantasy sports players that establish the accounts.  
7 Fantasy sports contest operators shall implement and  
8 prominently publish procedures that:

9 (1) prevent unauthorized withdrawals from fantasy  
10 sports player accounts by fantasy sports contest operators  
11 or others;

12 (2) prevent commingling of funds in a fantasy sports  
13 player's account with other funds, including, without  
14 limitation, funds of the fantasy sports contest operator;  
15 fantasy sports player funds shall be segregated from  
16 fantasy sports contest operators' operational funds and  
17 any other funds held by the fantasy sports contest  
18 operator; and

19 (3) address reporting on complaints by fantasy sports  
20 players that their accounts have been misallocated,  
21 compromised, or otherwise mishandled.

22 (c) Fantasy sports contest operators shall implement and  
23 prominently publish procedures that allow any fantasy sports  
24 player to permanently close an account at any time and for any  
25 reason. The procedures shall allow for cancellation by any  
26 means, including, without limitation, by a fantasy sports

1 player on any fantasy sports contest platform used by that  
2 fantasy sports player to make deposits into a fantasy sports  
3 player account. A copy of a fantasy sports contest operator's  
4 procedures shall be submitted to the Board and any changes  
5 shall be submitted within 30 days.

6 (d) When a fantasy sports player account is closed, the  
7 fantasy sports contest operator shall refund all funds in the  
8 account no later than 5 business days after submission of the  
9 request or 10 business days after submission of any tax  
10 reporting information required by law, whichever is later,  
11 unless the fantasy sports contest operator makes a good faith  
12 determination that the fantasy sports player engaged in  
13 fraudulent or other conduct that would constitute a violation  
14 of this Act, rules adopted pursuant to this Act, or the fantasy  
15 sports contest operator's policies, in which case, upon notice  
16 to the fantasy sports player of that determination, the  
17 withdrawal may be held pending a reasonable investigative  
18 period to resolve its investigation. For the purposes of this  
19 subsection (d), a request for withdrawal shall be considered  
20 honored if it is processed by the fantasy sports contest  
21 operator, but delayed by a payment processor, a credit card  
22 issuer, or the custodian of the financial account.

23 (e) If a prize is awarded to a fantasy sports player with a  
24 closed account, that prize, to the extent it consists of funds,  
25 shall be distributed by the fantasy sports contest operator  
26 within 5 business days, or 10 business days of submission of

1 any tax reporting information required by law, unless the  
2 fantasy sports contest operator makes a good faith  
3 determination that the fantasy sports player engaged in  
4 fraudulent or other conduct that would constitute a violation  
5 of this Act or rules adopted pursuant to this Act. If such  
6 determination is made, then the prize may be withheld, provided  
7 that it is then awarded to another fantasy sports player in the  
8 same contest who would have won the prize had the fantasy  
9 sports player with the closed account not participated.

10 (f) A fantasy sports contest operator shall close any  
11 fantasy player account that is inactive for 2 years and notify  
12 the account holder that the account has been closed by email  
13 and by mail to the account holder's last known address. When a  
14 fantasy sports player account is closed due to inactivity, the  
15 fantasy sports contest operator shall refund all funds in the  
16 fantasy sports player account within 30 days, subject to the  
17 receipt of any tax information required by law. In the event  
18 that funds in a closed fantasy sports player account exceed \$5  
19 and cannot be refunded and remain unclaimed, the fantasy sports  
20 contest operator shall provide notice of the existence of funds  
21 to the fantasy sports player no less often than annually for 3  
22 years. If the funds in a closed fantasy sports player account  
23 are for \$5 or less, such notice shall be provided one time upon  
24 the closing of the account. Such notice shall be provided by  
25 email and by mail to the account holder's last known address  
26 and shall provide a process for claiming the funds. In the

1 event that funds in a closed fantasy sports player account  
2 cannot be refunded and remain unclaimed by the fantasy sports  
3 player after 3 years, such funds shall be paid by the fantasy  
4 sports contest operator to the Unclaimed Property Trust Fund in  
5 the Office of the State Treasurer.

6 (g) A fantasy sports contest operator shall prominently  
7 publish all contractual terms and conditions and rules of  
8 general applicability that affect a fantasy sports player's  
9 account. Presentation of such terms, conditions, and rules at  
10 the time of onboarding a new fantasy sports player shall not  
11 suffice.

12 (h) Fantasy sports player's deposits shall be limited to no  
13 more than \$3,000 per quarter. However, a fantasy sports contest  
14 operator may establish and prominently publish procedures for  
15 temporarily or permanently increasing a fantasy sports  
16 player's deposit limit, at the request of the fantasy sports  
17 player, above \$3,000 per quarter. Such procedures shall be  
18 submitted to the Board.

19 If established by a fantasy sports contest operator, such  
20 procedures shall include evaluation of information, including  
21 income or asset information, sufficient to establish that the  
22 fantasy sports player can afford losses that might result from  
23 gameplay at the deposit limit level requested.

24 When a temporary or permanent deposit level limit increase  
25 is approved, the fantasy sports contest operator's procedures  
26 shall provide for annual re-certification of a player's

1 financial ability to afford losses.

2 Section 35. Restrictions on games offered by a fantasy  
3 sports contest operator.

4 (a) All fantasy sports contest operators, except fantasy  
5 sports contest operators who only offer season-long fantasy  
6 sports contests, shall develop games that are limited to  
7 beginner fantasy sports players and shall prohibit fantasy  
8 sports players who are not beginner fantasy sports players from  
9 participating in those games either directly or through another  
10 person as a proxy. A fantasy sports contest operator shall  
11 suspend the account of any fantasy sports player who is not a  
12 beginner fantasy sports player and attempts to enter a game  
13 limited to beginner fantasy sports players directly or through  
14 another person as a proxy and shall ban such individual from  
15 further play.

16 (b) All fantasy sports contest operators, except fantasy  
17 sports contest operators who only offer season-long fantasy  
18 sports contests, shall develop games in which highly  
19 experienced fantasy sports players cannot participate either  
20 directly or through another person as a proxy. A fantasy sports  
21 contest operator shall suspend the account of any highly  
22 experienced fantasy sports player who attempts to enter a game  
23 that excludes highly experienced fantasy sports players  
24 directly or through another person as a proxy and shall ban  
25 such individual from further play. Fantasy sports contest

1 operators shall identify highly experienced fantasy sports  
2 players by a symbol attached to their username, or by other  
3 easily visible means, on all fantasy sports contest platforms.

4 (c) Fantasy sports contest operators shall have  
5 prominently published rules that govern when each fantasy  
6 sports contest shall close or lock. Each fantasy sports contest  
7 operator shall also prominently disclose contest-specific  
8 information about the time that the contest closes or locks in  
9 connection with each contest offered. A fantasy sports contest  
10 operator shall strictly enforce all disclosed closing or lock  
11 times.

12 (d) Fantasy sports contest operators shall restrict the  
13 number of entries into fantasy sports contests in the following  
14 manner:

15 (1) Fantasy sports contest operators shall not allow  
16 fantasy sports players to submit more than one entry in any  
17 fantasy sports contest involving 12 total entries or less.

18 (2) Fantasy sports contest operators shall not allow  
19 fantasy sports players to submit more than 2 entries in any  
20 fantasy sports contest involving 13 to 36 total entries.

21 (3) Fantasy sports contest operators shall not allow  
22 fantasy sports players to submit more than 3 entries in any  
23 fantasy sports contest involving 37 to 100 total entries.

24 (4) Fantasy sports contest operators shall not allow  
25 fantasy sports players to submit more than 3% of all  
26 entries in any contest involving more than 100 total

1 entries.

2 (5) For all advertised fantasy sports contests, the  
3 fantasy sports contest operator shall prominently include  
4 information about the maximum number of entries that may be  
5 submitted for that contest.

6 (e) Fantasy sports contest operators shall allow  
7 individuals to restrict themselves from entering fantasy  
8 sports contests under this Act. These restrictions shall  
9 include, but not be limited to, (1) fantasy sports contest  
10 entry limits, (2) limiting play to fantasy sports contest with  
11 entry fees below an established limit, and (3) self-imposed  
12 deposit limits less than allowed under this Act. Fantasy sports  
13 contest operators shall implement and prominently publish  
14 procedures for fantasy sports players to implement the  
15 restrictions. Fantasy sports players shall have the option to  
16 adjust these limits to make them more restrictive of gameplay  
17 as often as they like, but shall not have the option to make  
18 limits less restrictive of gameplay within 90 days after  
19 setting the limits.

20 Section 40. Prohibited activities by a fantasy sports  
21 contest operator.

22 (a) No fantasy sports contest operator employee,  
23 principal, officer, director, or contractor shall play on any  
24 fantasy sports contest platform of any fantasy sports contest  
25 operator or play through another person as a proxy. For the

1 purposes of this subsection (a), a contractor is limited to a  
2 contractor who can access information of a fantasy sports  
3 contest operator related to the conduct of a fantasy sports  
4 contest that is not available to other fantasy sports players.  
5 Fantasy sports contest operators shall make these restrictions  
6 known to all affected individuals and corporate entities.

7 (b) No fantasy sports contest operator employee,  
8 principal, officer, director, or contractor shall disclose  
9 confidential information that may affect fantasy sports  
10 contest gameplay to any person permitted to engage in fantasy  
11 sports contest gameplay. Fantasy sports contest operators  
12 shall make these restrictions known to all affected individuals  
13 and corporate entities.

14 (c) No fantasy sports contest operator shall allow a  
15 professional athlete whose individual statistics or  
16 performance may be used to determine any part of the outcome of  
17 any fantasy sports contest to enter fantasy sports contests in  
18 the sports in which he or she participates. A fantasy sports  
19 contest operator shall take commercially reasonable efforts to  
20 prevent a sports agent, team employee, referee, or league  
21 official associated with any competition that is the subject of  
22 fantasy sports contests to enter fantasy sports contests in the  
23 sport in which he or she participates, nor shall such athlete,  
24 sports agent, team official, team representative, referee, or  
25 league official play through another person as a proxy.

26 (1) Fantasy sports contest operators shall take



1 commercially reasonable efforts to obtain lists of persons  
2 described in this subsection (c) for the purpose of  
3 implementing this subsection (c).

4 (2) Fantasy sports contest operators, upon learning of  
5 a violation of this subsection (c), shall bar the  
6 individual committing the violation from playing in any  
7 fantasy sports contest by suspending the individual's  
8 account and banning the individual from further play, shall  
9 terminate any existing promotional agreements with the  
10 individual, and shall refuse to make any new promotional  
11 agreements that compensate the individual.

12 (3) Fantasy sports contest operators shall make these  
13 restrictions known to all affected individuals and  
14 corporate entities.

15 (d) No fantasy sports contest operator shall allow minors  
16 to create a fantasy sports contest account. Fantasy sports  
17 contest operators shall include age verification measures when  
18 establishing a fantasy sports contest account.

19 (e) No fantasy sports contest operator may extend credit to  
20 a fantasy sports player.

21 (f) A fantasy sports contest operator shall not permit  
22 unauthorized scripts to be used on fantasy sports contest  
23 platforms and shall use commercially reasonable efforts to  
24 monitor for and to prevent use of such scripts.

25 (g) A fantasy sports contest operator shall bar any  
26 individual or corporation found to be using an unauthorized

1 script from playing in any fantasy sports contest by  
2 terminating the individual or corporate account and by banning  
3 that individual or corporation from further play.

4 (h) A fantasy sports contest operator shall not authorize  
5 scripts that provide a player with a competitive advantage over  
6 another player.

7 (i) For the purpose of subsections (f), (g), and (h) of  
8 this Section, a script shall be treated as offering a  
9 competitive advantage for reasons including, but not limited  
10 to, its potential use to:

11 (1) facilitate entry of multiple contests with a single  
12 line-up;

13 (2) facilitate changes in many line-ups at one time;

14 (3) facilitate use of commercial products designed and  
15 distributed by third parties to identify advantageous game  
16 strategies; or

17 (4) gather information about the performance of others  
18 for the purpose of identifying or entering contests against  
19 fantasy sports players who are less likely to be  
20 successful.

21 Section 45. Advertising.

22 (a) Advertisements of fantasy sports contest operators  
23 shall not depict (i) minors (other than professional athletes  
24 who may be minors), (ii) students, (iii) schools, colleges, or  
25 universities, or (iv) school, college, or university settings.

1 However, incidental depiction of non-featured minors or minors  
2 accompanying adults shall not be a violation of this subsection  
3 (a).

4 (b) Fantasy sports contest operators shall not advertise on  
5 school, college, or university campuses.

6 (c) Fantasy sports contest operators shall not advertise at  
7 amateur athletic competitions, except to the extent that those  
8 competitions are played in stadiums where professional  
9 competitions are held and where non-digital advertisements  
10 have been posted, erected, or otherwise displayed in a manner  
11 that would require substantial effort to remove.

12 Section 50. Withholding of delinquent child support.

13 (a) From individual winnings of \$600 or more that are  
14 subject to reporting to the Internal Revenue Service on Form  
15 1099, a fantasy sports contest operator shall withhold up to  
16 the full amount of winnings necessary to pay the winner's past  
17 due child support amount as certified by the Department of  
18 Healthcare and Family Services under Section 10-17.15 of the  
19 Illinois Public Aid Code. Amounts withheld shall be paid to the  
20 Department of Healthcare and Family Services by the fantasy  
21 sports contest operator, as applicable. This process shall be  
22 accomplished as provided in 89 Ill. Adm. Code 160.70(q).

23 (b) For withholding of winnings, the fantasy sports contest  
24 operator shall be entitled to an administrative fee not to  
25 exceed the lesser of 4% of the total amount of cash winnings

1 paid to the fantasy sports player or \$150.

2 (c) In no event shall the total amount withheld from the  
3 cash payout exceed the total cash winnings claimed by the  
4 obligor. If the cash payout claimed is greater than the amount  
5 sufficient to satisfy the obligor's delinquent child support  
6 payments, the fantasy sports contest operator shall pay the  
7 obligor the remaining balance of the payout.

8 (d) Any fantasy sports player that knowingly claims  
9 winnings from a single fantasy sports contest in a manner to  
10 intentionally avoid reporting winnings to the Internal Revenue  
11 Service shall be guilty of a Class A misdemeanor. Fantasy  
12 sports contest operators shall take commercially and  
13 technologically reasonable measures to ensure fantasy sports  
14 players comply with all reporting requirements. If a fantasy  
15 sports contest operator reasonably believes that the fantasy  
16 sports player engaged in conduct that would constitute a  
17 violation of federal reporting requirements, the fantasy  
18 sports contest operator shall bar the individual committing the  
19 violation from playing in any fantasy sports contest by  
20 suspending the individual's account and banning such  
21 individual from further play until the individual provides the  
22 fantasy sports contest operator proof that the individual has  
23 resolved all compliance issues with the Internal Revenue  
24 Service.

25 (e) A fantasy sports contest operator who in good faith  
26 complies with the requirements of this Section shall not be

1 liable to the gaming winner or any other individual or entity.

2 (f) Upon request of a fantasy sports contest operator under  
3 this Act, an agent of the Board (such as a gaming special agent  
4 employed by the Board, a State police officer, or a revenue  
5 agent) shall be responsible for notifying the person identified  
6 as being delinquent in child support payments that the fantasy  
7 sports contest operator is required by law to withhold all or a  
8 portion of his or her winnings. If given, this notification  
9 must be provided at the time the winnings are withheld.

10 (g) The provisions of this Section shall be operative on  
11 and after the date that rules are adopted by the Department of  
12 Healthcare and Family Services pursuant to Section 10-17.15 of  
13 the Illinois Public Aid Code.

14 (h) The delinquent child support required to be withheld  
15 under this Section has priority over any secured or unsecured  
16 claim on cash winnings, except claims for federal or State  
17 taxes that are required to be withheld under federal or State  
18 law.

19 Section 55. Audits. All fantasy sports contest operators  
20 with annual fantasy sports contest revenue of \$100,000 or more  
21 shall annually be subject to an audit of the financial  
22 transactions and condition of the fantasy sports contest  
23 operator's total operations as they relate to the offering and  
24 operating of fantasy sports contests and to ensure compliance  
25 with all of the requirements in this Act. Fantasy sports

1 contest operators with annual fantasy sports contest revenues  
2 less than \$100,000 shall every 3 years be subject to an audit  
3 of the financial transactions and condition of the fantasy  
4 sports contest operator's total operations as they relate to  
5 the offering and operating of fantasy sports contests and to  
6 ensure compliance with all of the requirements in this Act. All  
7 audits and compliance engagements shall be conducted by  
8 certified public accountants or an independent testing  
9 laboratory approved by the Board. Each certified public  
10 accountant must be registered in the State of Illinois under  
11 the Illinois Public Accounting Act. The compensation for each  
12 certified public accountant or independent testing laboratory  
13 shall be paid directly by the fantasy sports contest operator  
14 to the certified public accountant or independent testing  
15 laboratory. The audit shall be conducted and submitted to the  
16 Board by January 31 of each year.

17 Section 60. Annual reports. All fantasy sports contest  
18 operators licensed by the Board must annually submit a report  
19 to the Board no later than January 31 of each year. Information  
20 included in the report shall include:

21 (1) the number of fantasy sports player accounts with  
22 the fantasy sports contest operator; this shall be broken  
23 down between beginner fantasy sports players and highly  
24 experienced fantasy sports players;

25 (2) the number of new accounts established;

- 1           (3) the number of accounts closed;
- 2           (4) the total amount of entry fees received from  
3 fantasy sports players located in Illinois;
- 4           (5) the total amount of prizes awarded to fantasy  
5 sports players located in Illinois;
- 6           (6) the total amount of fantasy sports contest revenue;
- 7           (7) the number of fantasy sports players that are  
8 located in Illinois that requested deposit limit  
9 increases; and
- 10          (8) the number of deposit limit increases granted to  
11 fantasy sports players located in Illinois by the fantasy  
12 sports contest operator.

13          Section 65. Application for licensure; background  
14 investigation; fees.

15          (a) A qualified person may apply to the Board for a fantasy  
16 sports contest operator license to conduct fantasy sports  
17 contests as provided in this Act. The application shall be made  
18 on forms provided by the Board. The burden is upon each  
19 applicant to demonstrate suitability for licensure. Each  
20 fantasy sports contest operator shall be licensed by the Board.  
21 The Board may issue a license for a period of up to 2 years or,  
22 in the case of fantasy sports contest operators with annual  
23 fantasy sports revenues less than \$100,000, for up to 3 years.

24          (b) Each person seeking and possessing a license as a  
25 fantasy sports contest operator shall submit to a background

1 investigation conducted by the Board with the assistance of the  
2 State Police or other law enforcement. To the extent that the  
3 corporate structure of the applicant allows, the background  
4 investigation shall include any or all of the following as the  
5 Board deems appropriate or as provided by rule: (i) each  
6 beneficiary of a trust, (ii) each partner of a partnership,  
7 (iii) each member of a limited liability company, (iv) each  
8 director and officer of a publicly or non-publicly held  
9 corporation, (v) each stockholder of a non-publicly held  
10 corporation, (vi) each stockholder of 5% or more of a publicly  
11 held corporation, or (vii) each stockholder of 5% or more in a  
12 parent or subsidiary corporation.

13 (c) Each person seeking and possessing a license as a  
14 fantasy sports contest operator shall disclose the identity of  
15 every person, association, trust, corporation, or limited  
16 liability company having a greater than 1% direct or indirect  
17 pecuniary interest in the fantasy sports contest operator for  
18 which the license is sought. If the disclosed entity is a  
19 trust, the application shall disclose the names and addresses  
20 of the beneficiaries; if a corporation, the names and addresses  
21 of all stockholders and directors; if a limited liability  
22 company, the names and addresses of all members; or if a  
23 partnership, the names and addresses of all partners, both  
24 general and limited.

25 (d) All information, records, interviews, reports,  
26 statements, memoranda, or other data supplied to or used by the



1 Board in the course of its review or investigation of an  
2 application for a license or a renewal under this Act shall be  
3 privileged and strictly confidential and shall be used only for  
4 the purpose of evaluating an applicant for a license or a  
5 renewal. The information, records, interviews, reports,  
6 statements, memoranda, or other data shall not be admissible as  
7 evidence nor discoverable in any action of any kind in any  
8 court or before any tribunal, board, agency, or person, except  
9 for any action deemed necessary by the Board.

10 (e) No person may be licensed as a fantasy sports contest  
11 operator if that person has been found by the Board to:

12 (1) have a background, including a criminal record,  
13 reputation, habits, social or business associations, or  
14 prior activities, that poses a threat to the public  
15 interests of the State or to the security and integrity of  
16 fantasy sports contests;

17 (2) create or enhance the dangers of unsuitable,  
18 unfair, or illegal practices, methods, and activities in  
19 the conduct of fantasy sports contests; or

20 (3) present questionable business practices and  
21 financial arrangements incidental to the conduct of  
22 fantasy sports contests.

23 (f) Any applicant for a license under this Act has the  
24 burden of proving his or her qualifications to the satisfaction  
25 of the Board. The Board may adopt rules to establish additional  
26 qualifications and requirements to preserve the integrity and

1 security of fantasy sports contests in this State.

2 (g) A fantasy sports contest operator that has been  
3 operating in Illinois for at least 6 months on December 23,  
4 2015 may operate in Illinois until a final decision is rendered  
5 on the application for a fantasy sports contest operator  
6 license.

7 (h) A non-refundable application fee shall be paid at the  
8 time an application for a license is filed with the Board in  
9 the following amounts:

- 10 (1) Fantasy sports contest operator with annual  
11 fantasy sports contest revenue greater  
12 than \$10,000,000 ..... \$25,000
- 13 (2) Fantasy sports contest operator with annual  
14 fantasy sports contest revenue greater than  
15 \$5,000,000 but not more than \$10,000,000 .... \$12,500
- 16 (3) Fantasy sports contest operator with annual  
17 fantasy sports contest revenue greater than  
18 \$1,000,000 but not more than \$5,000,000 ..... \$7,500
- 19 (4) Fantasy sports contest operator with annual  
20 fantasy sports contest revenue of at least  
21 \$100,000 but not more than \$1,000,000 ..... \$5,000
- 22 (5) Fantasy sports contest operator with annual  
23 fantasy sports contest revenue less  
24 than \$100,000 ..... \$500

25 (i) The Board shall establish a fee for each license not to  
26 exceed the following for the initial licensure period:

- 1           (1) Fantasy sports contest operator with annual
- 2                 fantasy sports contest revenue greater
- 3                 than \$10,000,000 ..... \$50,000
- 4           (2) Fantasy sports contest operator with annual
- 5                 fantasy sports contest revenue greater than
- 6                 \$5,000,000 but not more than \$10,000,000 .... \$25,000
- 7           (3) Fantasy sports contest operator with annual
- 8                 fantasy sports contest revenue greater than
- 9                 \$1,000,000 but not more than \$5,000,000 ..... \$15,000
- 10          (4) Fantasy sports contest operator with annual
- 11                 fantasy sports contest revenue of at least
- 12                 \$100,000 but not more than \$1,000,000 ..... \$10,000
- 13          (5) Fantasy sports contest operator with annual
- 14                 fantasy sports contest revenue less
- 15                 than \$100,000 ..... \$1,500
- 16          (j) For subsequent licensure periods, the renewal fee shall
- 17          not exceed the following:
- 18                 (1) Fantasy sports contest operator with annual
- 19                         fantasy sports contest revenue greater
- 20                         than \$10,000,000 ..... \$37,500
- 21                 (2) Fantasy sports contest operator with annual
- 22                         fantasy sports contest revenue greater than
- 23                         \$5,000,000 but not more than \$10,000,000 .... \$18,750
- 24                 (3) Fantasy sports contest operator with annual
- 25                         fantasy sports contest revenue greater than
- 26                         \$1,000,000 but no more than \$5,000,000 ..... \$11,250

- 1           (4) Fantasy sports contest operator with annual
- 2                 fantasy sports contest revenue of at least
- 3                 \$100,000 but not more than \$1,000,000 ..... \$7,500
- 4           (5) Fantasy sports contest operator with annual
- 5                 fantasy sports contest revenue less
- 6                 than \$100,000 ..... \$1,125

7           Section 70. Distribution of license fees.

8           (a) All fees collected under Section 65 of this Act shall  
9 be deposited into the State Gaming Fund.

10          (b) Fees collected under Section 65 of this Act shall be  
11 used for the administration of this Act.

12          (c) All licenses issued by the Board under this Act are  
13 renewable every 2 years for fantasy sports contest operators  
14 with annual fantasy sports contest revenues of \$100,000 or more  
15 and every 3 years for fantasy sports contest operators with  
16 annual fantasy sports contest revenues less than \$100,000  
17 unless sooner cancelled or terminated. No license issued under  
18 this Act is transferable or assignable.

19          Section 75. Imposition and distribution of tax.

20          (a) A privilege tax is imposed on persons engaged in the  
21 business of operating fantasy sports contests based on the  
22 fantasy sports contest revenues received by a fantasy sports  
23 contest operator licensed under this Act at the following  
24 graduated tax rates:

1           (1) 5% of annual fantasy sports contest revenues up to  
2           and including \$1,000,000;

3           (2) 7.5% of annual fantasy sports contest revenues in  
4           excess of \$1,000,000 but not exceeding \$3,000,000;

5           (3) 10% of annual fantasy sports contest revenues in  
6           excess of \$3,000,000 but not exceeding \$8,000,000;

7           (4) 15% of annual fantasy sports contest revenues in  
8           excess of \$8,000,000 but not exceeding \$15,000,000; and

9           (5) 22.5% of annual fantasy sports contest revenues in  
10          excess of \$15,000,000;

11          (b) The taxes imposed by this Section shall be paid by the  
12          fantasy sports contest operator to the Board not later than the  
13          fifteenth day of every month for the previous month's privilege  
14          taxes. All payments not remitted when due shall be paid  
15          together with a penalty assessment on the unpaid balance at a  
16          rate of 1.5% per month.

17          (c) All of the tax collected under this Section shall be  
18          deposited into the Education Assistance Fund.

19          Section 80. Limitation on taxation of fantasy sports  
20          contest operators. Fantasy sports contest operators shall not  
21          be subjected to any excise tax, license tax, permit tax,  
22          privilege tax, or occupation tax that is imposed exclusively  
23          upon the licensee by the State or any political subdivision  
24          thereof, except as provided in this Act.

1 Section 900. The Regulatory Sunset Act is amended by  
2 changing Section 4.31 as follows:

3 (5 ILCS 80/4.31)

4 Sec. 4.31. Acts repealed on January 1, 2021. The following  
5 Acts are repealed on January 1, 2021:

6 The Crematory Regulation Act.

7 The Cemetery Oversight Act.

8 The Illinois Health Information Exchange and Technology  
9 Act.

10 The Radiation Protection Act of 1990.

11 The Fantasy Sports Contest Act.

12 (Source: P.A. 96-1041, eff. 7-14-10; 96-1331, eff. 7-27-10;  
13 incorporates P.A. 96-863, eff. 3-1-10; 97-333, eff. 8-12-11.)

14 Section 905. The Illinois Public Aid Code is amended by  
15 changing Section 10-17.15 as follows:

16 (305 ILCS 5/10-17.15)

17 Sec. 10-17.15. Certification of information to State  
18 gaming licensees.

19 (a) For purposes of this Section, "State gaming licensee"  
20 means, as applicable, an organization licensee or advance  
21 deposit wagering licensee licensed under the Illinois Horse  
22 Racing Act of 1975, an owners licensee licensed under the  
23 Riverboat Gambling Act, ~~or~~ a licensee that operates, under any

1 law of this State, one or more facilities or gaming locations  
2 at which lawful gambling is authorized and licensed as provided  
3 in the Riverboat Gambling Act, or a fantasy sports contest  
4 operator licensed under the Fantasy Sports Contest Act.

5 (b) The Department may provide, by rule, for certification  
6 to any State gaming licensee of past due child support owed by  
7 a responsible relative under a support order entered by a court  
8 or administrative body of this or any other State on behalf of  
9 a resident or non-resident receiving child support services  
10 under this Article in accordance with the requirements of Title  
11 IV-D, Part D, of the Social Security Act. The State gaming  
12 licensee shall have the ability to withhold from winnings  
13 required to be reported to the Internal Revenue Service on Form  
14 W-2G, or, in the case of a fantasy sports contest operator, the  
15 ability to withhold from individual winnings of \$600 or more  
16 that are subject to reporting to the Internal Revenue Service  
17 on Form 1099, up to the full amount of winnings necessary to  
18 pay the winner's past due child support. The rule shall provide  
19 for notice to and an opportunity to be heard by each  
20 responsible relative affected and any final administrative  
21 decision rendered by the Department shall be reviewed only  
22 under and in accordance with the Administrative Review Law.

23 (c) For withholding of winnings, the State gaming licensee  
24 shall be entitled to an administrative fee not to exceed the  
25 lesser of 4% of the total amount of cash winnings paid to the  
26 gambling winner or \$150.

1 (d) In no event may the total amount withheld from the cash  
2 payout, including the administrative fee, exceed the total cash  
3 winnings claimed by the obligor. If the cash payout claimed is  
4 greater than the amount sufficient to satisfy the obligor's  
5 delinquent child support payments, the State gaming licensee  
6 shall pay the obligor the remaining balance of the payout, less  
7 the administrative fee authorized by subsection (c) of this  
8 Section, at the time it is claimed.

9 (e) A State gaming licensee who in good faith complies with  
10 the requirements of this Section shall not be liable to the  
11 gaming winner or any other individual or entity.

12 (Source: P.A. 98-318, eff. 8-12-13.)

13 Section 910. The Criminal Code of 2012 is amended by  
14 changing Section 28-1 as follows:

15 (720 ILCS 5/28-1) (from Ch. 38, par. 28-1)

16 Sec. 28-1. Gambling.

17 (a) A person commits gambling when he or she:

18 (1) knowingly plays a game of chance or skill for money  
19 or other thing of value, unless excepted in subsection (b)  
20 of this Section;

21 (2) knowingly makes a wager upon the result of any  
22 game, contest, or any political nomination, appointment or  
23 election;

24 (3) knowingly operates, keeps, owns, uses, purchases,



1 exhibits, rents, sells, bargains for the sale or lease of,  
2 manufactures or distributes any gambling device;

3 (4) contracts to have or give himself or herself or  
4 another the option to buy or sell, or contracts to buy or  
5 sell, at a future time, any grain or other commodity  
6 whatsoever, or any stock or security of any company, where  
7 it is at the time of making such contract intended by both  
8 parties thereto that the contract to buy or sell, or the  
9 option, whenever exercised, or the contract resulting  
10 therefrom, shall be settled, not by the receipt or delivery  
11 of such property, but by the payment only of differences in  
12 prices thereof; however, the issuance, purchase, sale,  
13 exercise, endorsement or guarantee, by or through a person  
14 registered with the Secretary of State pursuant to Section  
15 8 of the Illinois Securities Law of 1953, or by or through  
16 a person exempt from such registration under said Section  
17 8, of a put, call, or other option to buy or sell  
18 securities which have been registered with the Secretary of  
19 State or which are exempt from such registration under  
20 Section 3 of the Illinois Securities Law of 1953 is not  
21 gambling within the meaning of this paragraph (4);

22 (5) knowingly owns or possesses any book, instrument or  
23 apparatus by means of which bets or wagers have been, or  
24 are, recorded or registered, or knowingly possesses any  
25 money which he has received in the course of a bet or  
26 wager;

1           (6) knowingly sells pools upon the result of any game  
2           or contest of skill or chance, political nomination,  
3           appointment or election;

4           (7) knowingly sets up or promotes any lottery or sells,  
5           offers to sell or transfers any ticket or share for any  
6           lottery;

7           (8) knowingly sets up or promotes any policy game or  
8           sells, offers to sell or knowingly possesses or transfers  
9           any policy ticket, slip, record, document or other similar  
10          device;

11          (9) knowingly drafts, prints or publishes any lottery  
12          ticket or share, or any policy ticket, slip, record,  
13          document or similar device, except for such activity  
14          related to lotteries, bingo games and raffles authorized by  
15          and conducted in accordance with the laws of Illinois or  
16          any other state or foreign government;

17          (10) knowingly advertises any lottery or policy game,  
18          except for such activity related to lotteries, bingo games  
19          and raffles authorized by and conducted in accordance with  
20          the laws of Illinois or any other state;

21          (11) knowingly transmits information as to wagers,  
22          betting odds, or changes in betting odds by telephone,  
23          telegraph, radio, semaphore or similar means; or knowingly  
24          installs or maintains equipment for the transmission or  
25          receipt of such information; except that nothing in this  
26          subdivision (11) prohibits transmission or receipt of such

1 information for use in news reporting of sporting events or  
2 contests; or

3 (12) knowingly establishes, maintains, or operates an  
4 Internet site that permits a person to play a game of  
5 chance or skill for money or other thing of value by means  
6 of the Internet or to make a wager upon the result of any  
7 game, contest, political nomination, appointment, or  
8 election by means of the Internet. This item (12) does not  
9 apply to activities referenced in items (6) and (6.1) of  
10 subsection (b) of this Section. This item (12) does not  
11 apply to activities referenced in item (15) subsection (b)  
12 of this Section.

13 (b) Participants in any of the following activities shall  
14 not be convicted of gambling:

15 (1) Agreements to compensate for loss caused by the  
16 happening of chance including without limitation contracts  
17 of indemnity or guaranty and life or health or accident  
18 insurance.

19 (2) Offers of prizes, award or compensation to the  
20 actual contestants in any bona fide contest for the  
21 determination of skill, speed, strength or endurance or to  
22 the owners of animals or vehicles entered in such contest.

23 (3) Pari-mutuel betting as authorized by the law of  
24 this State.

25 (4) Manufacture of gambling devices, including the  
26 acquisition of essential parts therefor and the assembly

1           thereof, for transportation in interstate or foreign  
2           commerce to any place outside this State when such  
3           transportation is not prohibited by any applicable Federal  
4           law; or the manufacture, distribution, or possession of  
5           video gaming terminals, as defined in the Video Gaming Act,  
6           by manufacturers, distributors, and terminal operators  
7           licensed to do so under the Video Gaming Act.

8           (5) The game commonly known as "bingo", when conducted  
9           in accordance with the Bingo License and Tax Act.

10          (6) Lotteries when conducted by the State of Illinois  
11          in accordance with the Illinois Lottery Law. This exemption  
12          includes any activity conducted by the Department of  
13          Revenue to sell lottery tickets pursuant to the provisions  
14          of the Illinois Lottery Law and its rules.

15          (6.1) The purchase of lottery tickets through the  
16          Internet for a lottery conducted by the State of Illinois  
17          under the program established in Section 7.12 of the  
18          Illinois Lottery Law.

19          (7) Possession of an antique slot machine that is  
20          neither used nor intended to be used in the operation or  
21          promotion of any unlawful gambling activity or enterprise.  
22          For the purpose of this subparagraph (b)(7), an antique  
23          slot machine is one manufactured 25 years ago or earlier.

24          (8) Raffles and poker runs when conducted in accordance  
25          with the Raffles and Poker Runs Act.

26          (9) Charitable games when conducted in accordance with

1 the Charitable Games Act.

2 (10) Pull tabs and jar games when conducted under the  
3 Illinois Pull Tabs and Jar Games Act.

4 (11) Gambling games conducted on riverboats when  
5 authorized by the Riverboat Gambling Act.

6 (12) Video gaming terminal games at a licensed  
7 establishment, licensed truck stop establishment, licensed  
8 fraternal establishment, or licensed veterans  
9 establishment when conducted in accordance with the Video  
10 Gaming Act.

11 (13) Games of skill or chance where money or other  
12 things of value can be won but no payment or purchase is  
13 required to participate.

14 (14) Savings promotion raffles authorized under  
15 Section 5g of the Illinois Banking Act, Section 7008 of the  
16 Savings Bank Act, Section 42.7 of the Illinois Credit Union  
17 Act, Section 5136B of the National Bank Act (12 U.S.C.  
18 25a), or Section 4 of the Home Owners' Loan Act (12 U.S.C.  
19 1463).

20 (15) Fantasy sports contests and participation in  
21 fantasy sports contests as defined and offered under the  
22 Fantasy Sports Contest Act.

23 (c) Sentence.

24 Gambling is a Class A misdemeanor. A second or subsequent  
25 conviction under subsections (a) (3) through (a) (12), is a Class  
26 4 felony.

1           (d) Circumstantial evidence.

2           In prosecutions under this Section circumstantial evidence  
3 shall have the same validity and weight as in any criminal  
4 prosecution.

5           (Source: P.A. 98-644, eff. 6-10-14; 99-149, eff. 1-1-16.)

6           Section 999. Effective date. This Act takes effect upon  
7 becoming law.