



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

SB1894

Introduced 2/10/2017, by Sen. Wm. Sam McCann

#### SYNOPSIS AS INTRODUCED:

230 ILCS 40/25

Amends the Video Gaming Act. Provides that, of the after-tax profits from a video gaming terminal located in a licensed veterans establishment, 45% (rather than 50%) shall be paid to the terminal operator, 50% shall be paid to the licensed veterans establishment, and 5% shall be paid to veterans service organizations with which the licensed veterans establishment is affiliated in proportion to that veterans service organizations previous year's claims processed, notwithstanding any agreement between the terminal operator and the licensed veterans establishment to the contrary. Of the 5% paid to a veterans service organization, provides that 75% must be used by the veterans service organization's veterans services offices. Upon request of the Illinois Gaming Board, the veterans service organization must provide documentation that the spending of any moneys received is in compliance with these provisions.

LRB100 09432 MJP 19595 b

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 5. The Video Gaming Act is amended by changing  
5 Section 25 as follows:

6 (230 ILCS 40/25)

7 Sec. 25. Restriction of licensees.

8 (a) Manufacturer. A person may not be licensed as a  
9 manufacturer of a video gaming terminal in Illinois unless the  
10 person has a valid manufacturer's license issued under this  
11 Act. A manufacturer may only sell video gaming terminals for  
12 use in Illinois to persons having a valid distributor's  
13 license.

14 (b) Distributor. A person may not sell, distribute, or  
15 lease or market a video gaming terminal in Illinois unless the  
16 person has a valid distributor's license issued under this Act.  
17 A distributor may only sell video gaming terminals for use in  
18 Illinois to persons having a valid distributor's or terminal  
19 operator's license.

20 (c) Terminal operator. A person may not own, maintain, or  
21 place a video gaming terminal unless he has a valid terminal  
22 operator's license issued under this Act. A terminal operator  
23 may only place video gaming terminals for use in Illinois in

1 licensed establishments, licensed truck stop establishments,  
2 licensed fraternal establishments, and licensed veterans  
3 establishments. No terminal operator may give anything of  
4 value, including but not limited to a loan or financing  
5 arrangement, to a licensed establishment, licensed truck stop  
6 establishment, licensed fraternal establishment, or licensed  
7 veterans establishment as any incentive or inducement to locate  
8 video terminals in that establishment.

9 Of the after-tax profits from a video gaming terminal  
10 located in a licensed establishment, licensed truck stop  
11 establishment, or licensed fraternal establishment, 50% shall  
12 be paid to the terminal operator and 50% shall be paid to the  
13 licensed establishment, licensed truck stop establishment, or  
14 licensed fraternal establishment, ~~or licensed veterans~~  
15 ~~establishment,~~ notwithstanding any agreement to the contrary.

16 Of the after-tax profits from a video gaming terminal  
17 located in a licensed veterans establishment, 45% shall be paid  
18 to the terminal operator, 50% shall be paid to the licensed  
19 veterans establishment, and 5% shall be paid to veterans  
20 service organizations with which the licensed veterans  
21 establishment is affiliated in proportion to that veterans  
22 service organizations previous year's claims processed,  
23 notwithstanding any agreement between the terminal operator  
24 and the licensed veterans establishment to the contrary. Of the  
25 5% paid to a veterans service organization, 75% must be used by  
26 the veterans service organization's veterans services offices.

1 Upon request of the Board, the veterans service organization  
2 must provide documentation that the spending of any moneys  
3 received under this subsection (c) complies with the  
4 requirements of this subsection (c). For the purposes of this  
5 subsection (c), "veterans service organization" has the  
6 meaning given to that term in Section 10.8 of the Illinois  
7 Lottery Law.

8 A video terminal operator that violates one or more  
9 requirements of this subsection is guilty of a Class 4 felony  
10 and is subject to termination of his or her license by the  
11 Board.

12 (d) Licensed technician. A person may not service,  
13 maintain, or repair a video gaming terminal in this State  
14 unless he or she (1) has a valid technician's license issued  
15 under this Act, (2) is a terminal operator, or (3) is employed  
16 by a terminal operator, distributor, or manufacturer.

17 (d-5) Licensed terminal handler. No person, including, but  
18 not limited to, an employee or independent contractor working  
19 for a manufacturer, distributor, supplier, technician, or  
20 terminal operator licensed pursuant to this Act, shall have  
21 possession or control of a video gaming terminal, or access to  
22 the inner workings of a video gaming terminal, unless that  
23 person possesses a valid terminal handler's license issued  
24 under this Act.

25 (e) Licensed establishment. No video gaming terminal may be  
26 placed in any licensed establishment, licensed veterans

1 establishment, licensed truck stop establishment, or licensed  
2 fraternal establishment unless the owner or agent of the owner  
3 of the licensed establishment, licensed veterans  
4 establishment, licensed truck stop establishment, or licensed  
5 fraternal establishment has entered into a written use  
6 agreement with the terminal operator for placement of the  
7 terminals. A copy of the use agreement shall be on file in the  
8 terminal operator's place of business and available for  
9 inspection by individuals authorized by the Board. A licensed  
10 establishment, licensed truck stop establishment, licensed  
11 veterans establishment, or licensed fraternal establishment  
12 may operate up to 5 video gaming terminals on its premises at  
13 any time.

14 (f) (Blank).

15 (g) Financial interest restrictions. As used in this Act,  
16 "substantial interest" in a partnership, a corporation, an  
17 organization, an association, a business, or a limited  
18 liability company means:

19 (A) When, with respect to a sole proprietorship, an  
20 individual or his or her spouse owns, operates, manages, or  
21 conducts, directly or indirectly, the organization,  
22 association, or business, or any part thereof; or

23 (B) When, with respect to a partnership, the individual  
24 or his or her spouse shares in any of the profits, or  
25 potential profits, of the partnership activities; or

26 (C) When, with respect to a corporation, an individual

1           or his or her spouse is an officer or director, or the  
2           individual or his or her spouse is a holder, directly or  
3           beneficially, of 5% or more of any class of stock of the  
4           corporation; or

5           (D) When, with respect to an organization not covered  
6           in (A), (B) or (C) above, an individual or his or her  
7           spouse is an officer or manages the business affairs, or  
8           the individual or his or her spouse is the owner of or  
9           otherwise controls 10% or more of the assets of the  
10          organization; or

11          (E) When an individual or his or her spouse furnishes  
12          5% or more of the capital, whether in cash, goods, or  
13          services, for the operation of any business, association,  
14          or organization during any calendar year; or

15          (F) When, with respect to a limited liability company,  
16          an individual or his or her spouse is a member, or the  
17          individual or his or her spouse is a holder, directly or  
18          beneficially, of 5% or more of the membership interest of  
19          the limited liability company.

20          For purposes of this subsection (g), "individual" includes  
21          all individuals or their spouses whose combined interest would  
22          qualify as a substantial interest under this subsection (g) and  
23          whose activities with respect to an organization, association,  
24          or business are so closely aligned or coordinated as to  
25          constitute the activities of a single entity.

26          (h) Location restriction. A licensed establishment,

1 licensed truck stop establishment, licensed fraternal  
2 establishment, or licensed veterans establishment that is (i)  
3 located within 1,000 feet of a facility operated by an  
4 organization licensee licensed under the Illinois Horse Racing  
5 Act of 1975 or the home dock of a riverboat licensed under the  
6 Riverboat Gambling Act or (ii) located within 100 feet of a  
7 school or a place of worship under the Religious Corporation  
8 Act, is ineligible to operate a video gaming terminal. The  
9 location restrictions in this subsection (h) do not apply if  
10 (A) a facility operated by an organization licensee, a school,  
11 or a place of worship moves to or is established within the  
12 restricted area after a licensed establishment, licensed truck  
13 stop establishment, licensed fraternal establishment, or  
14 licensed veterans establishment becomes licensed under this  
15 Act or (B) a school or place of worship moves to or is  
16 established within the restricted area after a licensed  
17 establishment, licensed truck stop establishment, licensed  
18 fraternal establishment, or licensed veterans establishment  
19 obtains its original liquor license. For the purpose of this  
20 subsection, "school" means an elementary or secondary public  
21 school, or an elementary or secondary private school registered  
22 with or recognized by the State Board of Education.

23 Notwithstanding the provisions of this subsection (h), the  
24 Board may waive the requirement that a licensed establishment,  
25 licensed truck stop establishment, licensed fraternal  
26 establishment, or licensed veterans establishment not be

1 located within 1,000 feet from a facility operated by an  
2 organization licensee licensed under the Illinois Horse Racing  
3 Act of 1975 or the home dock of a riverboat licensed under the  
4 Riverboat Gambling Act. The Board shall not grant such waiver  
5 if there is any common ownership or control, shared business  
6 activity, or contractual arrangement of any type between the  
7 establishment and the organization licensee or owners licensee  
8 of a riverboat. The Board shall adopt rules to implement the  
9 provisions of this paragraph.

10 (i) Undue economic concentration. In addition to  
11 considering all other requirements under this Act, in deciding  
12 whether to approve the operation of video gaming terminals by a  
13 terminal operator in a location, the Board shall consider the  
14 impact of any economic concentration of such operation of video  
15 gaming terminals. The Board shall not allow a terminal operator  
16 to operate video gaming terminals if the Board determines such  
17 operation will result in undue economic concentration. For  
18 purposes of this Section, "undue economic concentration" means  
19 that a terminal operator would have such actual or potential  
20 influence over video gaming terminals in Illinois as to:

21 (1) substantially impede or suppress competition among  
22 terminal operators;

23 (2) adversely impact the economic stability of the  
24 video gaming industry in Illinois; or

25 (3) negatively impact the purposes of the Video Gaming  
26 Act.



1           The Board shall adopt rules concerning undue economic  
2 concentration with respect to the operation of video gaming  
3 terminals in Illinois. The rules shall include, but not be  
4 limited to, (i) limitations on the number of video gaming  
5 terminals operated by any terminal operator within a defined  
6 geographic radius and (ii) guidelines on the discontinuation of  
7 operation of any such video gaming terminals the Board  
8 determines will cause undue economic concentration.

9           (j) The provisions of the Illinois Antitrust Act are fully  
10 and equally applicable to the activities of any licensee under  
11 this Act.

12           (Source: P.A. 97-333, eff. 8-12-11; 98-31, eff. 6-24-13; 98-77,  
13 eff. 7-15-13; 98-112, eff. 7-26-13; 98-756, eff. 7-16-14.)