96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB4239

Introduced 2/27/2009, by Rep. Frank J. Mautino

SYNOPSIS AS INTRODUCED:

New Act	
230 ILCS 10/5	from Ch. 120, par. 2405
720 ILCS 5/28-1	from Ch. 38, par. 28-1
720 ILCS 5/28-1.1	from Ch. 38, par. 28-1.1
720 ILCS 5/28-3	from Ch. 38, par. 28-3
30 ILCS 105/5.719 new	

Creates the Video Gaming Act. Provides that licensed retail establishments where alcoholic liquor is served for consumption, licensed fraternal establishments, and licensed veterans establishments and truck stops may conduct video gaming. Provides that the Illinois Gaming Board shall be responsible for administration and enforcement of laws relating to video gaming terminals. Amends the Riverboat Gambling Act to provide that the Illinois Gaming Board shall be responsible for administration and enforcement of the Video Gaming Act. Amends the Gambling Article of the Criminal Code of 1961 to make corresponding changes. Amends the State Finance Act to create the Local Government Video Gaming Distributive Fund as a special fund in the State treasury. Effective immediately.

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CORRECTIONAL BUDGET AND IMPACT NOTE ACT MAY APPLY FISCAL NOTE ACT MAY APPLY HOME RULE 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 Video5 Gaming Act.

6 Section 5. Definitions. As used in this Act:

7 "Board" means the Illinois Gaming Board.

8 "Credit" means 5, 10, or 25 cents either won or purchased 9 by a player.

10 "Distributor" means an individual, partnership, or 11 corporation licensed under this Act to buy, sell, lease, or 12 distribute video gaming terminals or major components or parts 13 of video gaming terminals to or from terminal operators.

14 "Terminal operator" means an individual, partnership or 15 corporation that is licensed under this Act and that owns, 16 services, and maintains video gaming terminals for placement in 17 licensed establishments, licensed fraternal establishments, or 18 licensed veterans establishments.

"Licensed technician" means an individual who is licensed under this Act to repair, service, and maintain video gaming terminals.

22 "Manufacturer" means an individual, partnership, or 23 corporation that is licensed under this Act and that HB4239 - 2 - LRB096 11363 AMC 21822 b

1 manufactures or assembles video gaming terminals.

2 "Supplier" means an individual, partnership, or 3 corporation that is licensed under this Act to supply major 4 components or parts to video gaming terminals to licensed 5 terminal operators.

6 "Net terminal income" means money put into a video gaming 7 terminal minus credits paid out to players.

8 "Video gaming terminal" means any electronic video game 9 machine that, upon insertion of cash, is available to play or 10 simulate the play of a video game, including but not limited to 11 video poker, line up, and blackjack, authorized by the Board 12 utilizing a video display and microprocessors in which the 13 player may receive free games or credits that can be redeemed for cash. The term does not include a machine that directly 14 dispenses coins, cash, or tokens or is for amusement purposes 15 16 only.

17 "Licensed establishment" means any licensed retail 18 establishment where alcoholic liquor is drawn, poured, mixed, 19 or otherwise served for consumption on the premises.

20 "Licensed fraternal establishment" means the location 21 where a qualified fraternal organization that derives its 22 charter from a national fraternal organization regularly 23 meets.

24 "Licensed veterans establishment" means the location where 25 a qualified veterans organization that derives its charter from 26 a national veterans organization regularly meets. - 3 - LRB096 11363 AMC 21822 b

"Licensed truck stop establishment" means a facility that is at least a 3-acre facility with a convenience store and with separate diesel islands for fueling commercial motor vehicles and parking spaces for commercial motor vehicles as defined in Section 18b-101 of the Illinois Vehicle Code.

6 Section 15. Minimum requirements for licensing and 7 registration. Every video gaming terminal offered for play 8 shall first be tested and approved pursuant to the rules of the 9 Board, and each video gaming terminal offered in this State for 10 play shall conform to an approved model. The Board may contract 11 with an independent outside vendor for the examination of video 12 gaming machines and associated equipment as required by this 13 Section. Each approved model shall, at a minimum, meet the 14 following criteria:

15 (1) It must conform to all requirements of federal law
16 and regulations, including FCC Class A Emissions
17 Standards.

18 (2) It must theoretically pay out a mathematically 19 demonstrable percentage during the expected lifetime of 20 the machine of all amounts played, which must not be less 21 than 80%. Video gaming terminals that may be affected by 22 skill must meet this standard when using a method of play 23 that will provide the greatest return to the player over a 24 period of continuous play.

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(3) It must use a random selection process to determine

the outcome of each play of a game. The random selection process must meet 99% confidence limits using a standard chi-squared test for (randomness) goodness of fit.

4 (4) It must display an accurate representation of the 5 game outcome.

6 (5) It must not automatically alter pay tables or any 7 function of the video gaming terminal based on internal 8 computation of hold percentage or have any means of 9 manipulation that affects the random selection process or 10 probabilities of winning a game.

(6) It must not be adversely affected by static
 discharge or other electromagnetic interference.

13 (7) It must be capable of detecting and displaying the
14 following conditions during idle states or on demand: power
15 reset; door open; and door just closed.

16 (8) It must have the capacity to display complete play 17 history (outcome, intermediate play steps, credits 18 available, bets placed, credits paid, and credits cashed 19 out) for the most recent game played and 10 games prior 20 thereto.

(9) The theoretical payback percentage of a video gaming terminal must not be capable of being changed without making a hardware or software change in the video gaming terminal.

(10) Video gaming terminals must be designed so that
 replacement of parts or modules required for normal

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1 maintenance does not necessitate replacement of the 2 electromechanical meters.

3 (11) It must have nonresettable meters housed in a 4 locked area of the terminal that keep a permanent record of 5 all cash inserted into the machine, all winnings made by 6 the terminal printer, credits played in for video gaming 7 terminals, and credits won by video gaming players. The 8 video gaming terminal must provide the means for on-demand 9 display of stored information as determined by the Board.

10 (12) Electronically stored meter information required
11 by this Section must be preserved for a minimum of 180 days
12 after a power loss to the service.

13 (13) It must have one or more mechanisms that accept 14 coins or cash in the form of bills. The mechanisms shall be 15 designed to prevent obtaining credits without paying by 16 stringing, slamming, drilling, or other means.

(14) It shall have accounting software that keeps an electronic record which includes, but is not limited to, the following: total cash inserted into the video gaming terminal; the value of winning tickets claimed by players; the total credits played; and the total credits awarded by a video gaming terminal.

(15) It shall be linked by a central communications
system to provide auditing program information as approved
by the Board. In no event may the communications system
approved by the Board limit participation to only one

1 manufacturer of video gaming terminals by either the cost 2 in implementing the necessary program modifications to 3 communicate or the inability to communicate with the 4 central communications system.

5 (16) It shall be able to receive and broadcast amber 6 alert messages.

7 Section 20. Direct dispensing of receipt tickets only. A 8 video gaming terminal may not directly dispense coins, cash, 9 tokens, or any other article of exchange or value except for 10 receipt tickets. Tickets shall be dispensed by pressing the 11 ticket dispensing button on the video gaming terminal at the end of one's turn or play. The ticket shall indicate the total 12 13 amount of credits and the cash award, the time of day in a 14 24-hour format showing hours and minutes, the date, the 15 terminal serial number, the sequential number of the ticket, 16 and an encrypted validation number from which the validity of the prize may be determined. The player shall turn in this 17 18 ticket to the appropriate person at the licensed establishment, 19 licensed truck stop establishment, licensed fraternal 20 establishment, or licensed veterans establishment to receive 21 the cash award. The cost of the credit shall be 5 cents, 10 22 cents, or 25 cents, and the maximum wager played per hand shall 23 not exceed \$2. No cash award for the maximum wager on any 24 individual hand shall exceed \$500.

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Section 25. Restriction of licensees.

2 (a) Manufacturer. A person may not be licensed as a 3 manufacturer of a video gaming terminal in Illinois unless the 4 person has a valid manufacturer's license issued under this 5 Act. A manufacturer may only sell video gaming terminals for 6 use in Illinois to persons having a valid distributor's 7 license.

may not sell, 8 Distributor. A person (b) service, 9 distribute, or lease or market a video gaming terminal in 10 Illinois unless the person has a valid distributor's license 11 issued under this Act. A distributor may only sell video gaming 12 terminals for use in Illinois to persons having a valid 13 distributor's or terminal operator's license.

14 (c) Terminal operator. A person may not own, service, 15 maintain, lease, or place a video gaming terminal unless he has 16 a valid terminal operator's license issued under this Act. A 17 terminal operator may only place video gaming terminals for use in Illinois in licensed establishments, licensed truck stop 18 19 establishments, licensed fraternal establishments, and 20 licensed veterans establishments. No terminal operator may give anything of value, including but not limited to a loan or 21 22 financing arrangement, to a licensed establishment, licensed 23 truck stop establishment, licensed fraternal establishment, or licensed veterans establishment as any incentive or inducement 24 25 to locate video terminals in that establishment. Of the 26 after-tax profits from a video gaming terminal, 50% shall be

paid to the terminal operator and 50% shall be paid to the 1 2 licensed establishment, licensed truck stop establishment, 3 licensed fraternal establishment, or licensed veterans establishment. A terminal operator shall be entitled to access 4 5 all information recorded by the operator's machines pursuant to item (17) of Section 15. No terminal operator may own or have a 6 7 substantial interest in more than 5% of the video gaming terminals licensed in this State. 8

9 (d) Licensed technician. A person may not service, 10 maintain, or repair a video gaming terminal in this State 11 unless he or she (1) has a valid technician's license issued 12 under this Act, (2) is a terminal operator, or (3) is employed 13 by a terminal operator, distributor, or manufacturer.

14 (e) Licensed establishment. A valid liquor license shall be facie evidence of compliance with the licensing 15 prima 16 requirements of this Act to operate video gaming terminals. No 17 video gaming terminal may be placed in any licensed establishment, licensed veterans establishment, licensed truck 18 stop establishment, or licensed fraternal establishment unless 19 20 the owner or agent of the owner of the licensed establishment, 21 licensed veterans establishment, licensed truck stop 22 establishment, or licensed fraternal establishment has entered 23 into a written use agreement with the terminal operator for 24 placement of the terminals. A copy of the use agreement shall 25 be on file in the terminal operator's place of business and 26 available for inspection by individuals authorized by the

Board. A licensed establishment may operate up to 3 video 1 2 gaming terminals on its premises at any time, unless the Board 3 authorizes а greater number. A licensed truck stop establishment, licensed veterans establishment, or licensed 4 5 fraternal establishment may operate up to 5 video gaming terminals on its premises at any time, unless the Board 6 7 authorizes a greater number.

8 (f) Residency requirement. Each licensed distributor and 9 terminal operator must be an Illinois resident. However, if an 10 out of state distributor or terminal operator has performed its 11 respective business within Illinois for at least 48 months 12 prior to the effective date of this Act, the out of state 13 person may be eligible for licensing under this Act, upon 14 application to and approval of the Board.

(g) Financial interest restrictions. As used in this Act, "substantial interest" in an organization, association, or business means:

(A) When, with respect to a sole proprietorship, an 18 individual or his or her marital community owns, 19 20 operates, manages, or conducts, directly or 21 indirectly, the organization, association, or 22 business, or any part thereof; or

(B) When, with respect to a partnership, the
individual or his or her marital community shares in
any of the profits, or potential profits, of the
partnership activities; or

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(C) When, with respect to a corporation, an individual or his or her spouse is an officer or director, or the individual or his or her marital community is a holder, directly or beneficially, of 5% or more of any class of stock of the corporation; or

6 (D) When, with respect to an organization not 7 covered in (A), (B) or (C) above, an individual or his 8 or her spouse is an officer or manages the business 9 affairs, or the individual or his or her marital 10 community is the owner of or otherwise controls 10% or 11 more of the assets of the organization; or

12 (E) When an individual or his or her marital 13 community furnishes 5% or more of the capital, whether 14 in cash, goods, or services, for the operation of any 15 business, association, or organization during any 16 calendar year.

17 (h) Location restriction. А licensed establishment, licensed truck stop establishment, 18 licensed fraternal establishment, or licensed veterans establishment that is 19 20 located within 1,000 feet of a race track licensed under the Illinois Horse Racing Act of 1975, the home dock of a riverboat 21 22 licensed under the Riverboat Gambling Act, a school, or a 23 church is ineligible to operate a video gaming terminal.

24 Section 27. Prohibition of video gaming by political 25 subdivision. A municipality may pass an ordinance prohibiting video gaming within the corporate limits of the municipality. A county board may, for the unincorporated area of the county, pass an ordinance prohibiting video gaming within the unincorporated area of the county.

5 Section 30. Multiple types of licenses prohibited. A video 6 gaming terminal manufacturer may not be licensed as a video 7 gaming terminal distributor or operator or own, manage, or 8 control а licensed establishment, licensed truck stop 9 establishment, licensed fraternal establishment, or licensed 10 veterans establishment, and shall be licensed only to sell to 11 distributors. A video gaming terminal distributor may not be 12 licensed as a video gaming terminal manufacturer or operator or 13 own, manage, or control a licensed establishment, licensed 14 truck stop establishment, licensed fraternal establishment, or 15 licensed veterans establishment, and shall only contract with a 16 licensed terminal operator. A video gaming terminal operator may not be licensed as a video gaming terminal manufacturer or 17 18 distributor or own, manage, or control а licensed 19 establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment, 20 21 shall be licensed only to contract with licensed and 22 distributors and licensed establishments, licensed truck stop 23 establishments, licensed fraternal establishments, and 24 licensed veterans establishments. An owner or manager of a 25 licensed establishment, licensed truck stop establishment,

licensed fraternal establishment, or licensed veterans establishment may not be licensed as a video gaming terminal manufacturer, distributor, or operator, and shall only contract with a licensed operator to place and service this equipment.

Section 35. Display of license; confiscation; violation as 6 7 felony. Each video gaming terminal shall be licensed by the 8 Board before placement or operation on the premises of a 9 licensed establishment, licensed truck stop establishment, 10 licensed fraternal establishment, or licensed veterans 11 establishment. The license of each video gaming terminal shall 12 be maintained at the location where the video gaming terminal is operated. Failure to do so is a petty offense with a fine 13 14 not to exceed \$100. Any licensed establishment, licensed truck 15 stop establishment, licensed fraternal establishment, or 16 licensed veterans establishment used for the conduct of gambling games in violation of this Act shall be considered a 17 gambling place in violation of Section 28-3 of the Criminal 18 Code of 1961. Every gambling device found in a licensed 19 20 establishment, licensed truck stop establishment, licensed 21 fraternal establishment, or licensed veterans establishment 22 operating gambling games in violation of this Act shall be subject to seizure, confiscation, and destruction as provided 23 24 in Section 28-5 of the Criminal Code of 1961. Any license issued under the Liquor Control Act of 1934 to any owner or 25

operator of a licensed establishment, licensed truck stop 1 2 establishment, licensed fraternal establishment, or licensed 3 veterans establishment that operates or permits the operation of a video gaming terminal within its establishment in 4 5 violation of this Act shall be immediately revoked. No person may own, operate, have in his or her possession or custody or 6 under his or her control, or permit to be kept in any place 7 8 under his or her possession or control, any device that awards 9 credits and contains a circuit, meter, or switch capable of removing and recording the removal of credits when the award of 10 11 credits is dependent upon chance. A violation of this Section 12 is a Class 4 felony. All devices that are owned, operated, or possessed in violation of this Section are hereby declared to 13 14 public nuisances and shall be subject to seizure, be 15 confiscation, and destruction as provided in Section 28-5 of the Criminal Code of 1961. The provisions of this Section do 16 17 not apply to devices or electronic video game terminals licensed pursuant to this Act. 18

Section 40. Video gaming terminal use by minors prohibited. No licensee shall cause or permit any person under the age of 21 21 years to use or play a video gaming terminal. Any licensee 22 who knowingly permits a person under the age of 21 years to use 23 or play a video gaming terminal is guilty of a business offense 24 and shall be fined an amount not to exceed \$5,000.

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Section 45. Issuance of license.

(a) The burden is upon each applicant to demonstrate his 2 3 suitability for licensure. Each video gaming terminal manufacturer, distributor, operator, licensed establishment, 4 5 licensed truck stop establishment, licensed fraternal establishment, and licensed veterans establishment shall be 6 7 licensed by the Board. The Board may not issue a license under 8 this Act to any person who, within 10 years of the date of the 9 application, has been convicted of a felony under the laws of 10 this State, any other state, or the United States, or to any 11 firm or corporation in which such a person is an officer, 12 director, or managerial employee.

13 (b) A non-refundable application fee shall be paid at the 14 time an application for a license is filed with the Board in 15 the following amounts:

16	(1) Manufacturer \$5,000
17	(2) Distributor \$5,000
18	(3) Terminal operator \$5,000
19	(4) Supplier \$2,500
20	(5) Technician \$100
21	(c) Any application not approved within 90 days of receipt

(c) Any application not approved within 90 days of receiptby the Board shall be deemed approved.

(d) Each licensed distributor, terminal operator, or person with a substantial interest in a distributor or terminal operator must have resided in Illinois for at least 24 months prior to application unless he or she has performed his or her

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respective business in Ill	inois for at	least 48 months prior to
the effective date of this	Act.	

3 The Board shall establish an annual fee for each license 4 not to exceed the following:

5	(1) Manufacturer \$10,000
6	(2) Distributor \$10,000
7	(3) Terminal operator
8	(4) Supplier \$2,000
9	(5) Technician \$100
10	(6) Licensed establishment, licensed truck stop
11	establishment, licensed fraternal establishment,
12	or licensed veterans establishment \$100
13	(7) Video gaming terminal\$100

14 Section 50. Distribution of license fees.

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15 (a) All fees collected under Section 45 shall be deposited16 in the General Revenue Fund.

17 (b) Fees collected under Section 45 shall be used as 18 follows:

19 (1) Twenty-five percent shall be paid to programs for20 the treatment of compulsive gambling.

21 (2) Seventy-five percent shall be used for the22 administration of this Act.

(c) All licenses issued by the Board under this Act are renewable annually unless sooner cancelled or terminated. No license issued under this Act is transferable or assignable. - 16 - LRB096 11363 AMC 21822 b

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1 Section 55. Precondition for licensed establishment. In 2 all cases of application for a licensed establishment, to 3 operate a video gaming terminal, each licensed truck stop 4 establishment, licensed fraternal establishment, or licensed 5 veterans establishment shall possess a valid liquor license issued by the Illinois Liquor Control Commission in effect at 6 7 the time of application and at all times thereafter during 8 which a video gaming terminal is made available to the public 9 for play at that location.

10 Section 57. Insurance. Each licensed establishment, 11 licensed truck stop establishment, licensed fraternal 12 establishment, and licensed veterans establishment shall 13 maintain insurance on any gaming device on its premises in an 14 amount set by the Board.

15 Section 58. Location of terminals. Video gaming terminals 16 must be located in an area restricted to persons over 21 years 17 of age the entrance to which is within the view of at least one 18 employee of the establishment in which they are located.

19 Section 60. Imposition and distribution of tax.

20 (a) A tax of 15% is imposed on net terminal income and21 shall be collected by the Board.

22 (b) Of the tax collected under this Section, two-thirds

shall be deposited in the State Gaming Fund and one-third shall
 be deposited into the Local Government Video Gaming
 Distributive Fund.

4 (c) Revenues generated from the play of video gaming 5 terminals shall be deposited by the terminal operator, who is 6 responsible for tax payments, in a specially created, separate 7 bank account maintained by the video gaming terminal operator 8 to allow for electronic fund transfers of moneys for tax 9 payment.

10 (d) Each licensed establishment, licensed truck stop 11 establishment, licensed fraternal establishment, and licensed 12 veterans establishment shall maintain an adequate video gaming 13 fund, with the amount to be determined by the Board.

14 Section 65. Fees. A non-home rule unit of government may 15 not impose any fee for the operation of a video gaming terminal 16 in excess of \$25 per year.

17 Section 70. Referendum. Upon the filing in the office of the clerk, at least 90 days before an election in any 18 municipality or county, as the case may be, of a petition 19 20 directed to such clerk, containing the signatures of not less 21 than 25% of the legal voters of that municipality or county, the clerk shall certify such proposition to the proper election 22 23 officials, who shall submit the proposition at such election to 24 the voters of such municipality or county. The proposition

7 If a majority of the voters voting upon such last mentioned 8 proposition in any municipality or county vote "YES", such 9 video gaming shall be prohibited in such municipality or 10 county. The petition mentioned in this Section shall be a 11 public document and shall be subject to inspection by the 12 public.

Section 75. Revenue sharing; Local Government Video GamingDistributive Fund.

(a) Beginning July 1, 2009, as soon as may be after the 15 16 first day of each month, the Department of Revenue shall certify to the Treasurer an amount equal to 20% of the net 17 18 revenue realized from the tax imposed by Section 60 during the preceding month. Net revenue realized for a month shall be 19 20 defined as the revenue from the tax imposed by Section 60 21 during the month. Upon receipt of such certification, the 22 Treasurer shall transfer from the General Revenue Fund to a 23 special fund in the State treasury, to be known as the Local 24 Government Video Gaming Distributive Fund, the amount shown on 25 such certification.

1 All amounts paid into the Local Government Video Gaming 2 Distributive Fund and allocated in accordance with this Section 3 are appropriated on a continuing basis.

(b) As soon as may be after the first day of each month, 4 5 the Department of Revenue shall allocate among those municipalities and counties of this State that have not 6 7 prohibited video gaming pursuant to Section 27 the amount 8 available in the Local Government Video Gaming Distributive 9 Fund, as provided in Section 60. The Department shall then 10 certify such allocations to the State Comptroller, who shall 11 pay over to those eligible municipalities and counties the 12 respective amounts allocated to them. The amount of such funds 13 allocable to each such municipality and county shall be in proportion to the number of individual residents of such 14 15 municipality or county to the total population of those 16 eligible municipalities and counties determined in each case on 17 the basis of the latest census of the municipality or county conducted by the federal government and certified by the 18 19 Secretary of State and for annexations to municipalities, the 20 latest federal, State, or municipal census of the annexed area 21 which has been certified by the Department of Revenue. For the 22 purpose of this Section, the number of individual residents of 23 a county shall be reduced by the number of individuals residing therein in municipalities, but the number of individual 24 25 residents of the municipality shall reflect the latest census 26 of the municipality.

1 (c) The amounts allocated and paid to a municipality or 2 county of this State pursuant to the provisions of this Section 3 may be used for any general corporate purpose authorized for 4 that municipality or county.

5 (d) Upon determination by the Department that an amount has 6 been paid pursuant to this Section in excess of the amount to 7 which the county or municipality receiving such payment was 8 entitled, the county or municipality shall, upon demand by the 9 Department, repay such amount. If such repayment is not made 10 within a reasonable time, the Department shall withhold from 11 future payments an amount equal to such overpayment. The 12 Department shall redistribute the amount of such payment to the county or municipality entitled thereto. 13

Section 185. The Riverboat Gambling Act is amended by changing Section 5 as follows:

16 (230 ILCS 10/5) (from Ch. 120, par. 2405)

17 Sec. 5. Gaming Board.

(a) (1) There is hereby established within the Department
of Revenue an Illinois Gaming Board which shall have the powers
and duties specified in this Act, and all other powers
necessary and proper to fully and effectively execute this Act
for the purpose of administering, regulating, and enforcing the
system of riverboat gambling established by this Act. Its
jurisdiction shall extend under this Act to every person,

1 2 association, corporation, partnership and trust involved in riverboat gambling operations in the State of Illinois.

(2) The Board shall consist of 5 members to be appointed by 3 the Governor with the advice and consent of the Senate, one of 4 5 whom shall be designated by the Governor to be chairman. Each member shall have a reasonable knowledge of the practice, 6 7 procedure and principles of gambling operations. Each member shall either be a resident of Illinois or shall certify that he 8 9 will become a resident of Illinois before taking office. At 10 least one member shall be experienced in law enforcement and 11 criminal investigation, at least one member shall be a 12 certified public accountant experienced in accounting and 13 auditing, and at least one member shall be a lawyer licensed to 14 practice law in Illinois.

(3) The terms of office of the Board members shall be 3 15 years, except that the terms of office of the initial Board 16 17 members appointed pursuant to this Act will commence from the effective date of this Act and run as follows: one for a term 18 ending July 1, 1991, 2 for a term ending July 1, 1992, and 2 for 19 20 a term ending July 1, 1993. Upon the expiration of the foregoing terms, the successors of such members shall serve a 21 22 term for 3 years and until their successors are appointed and 23 qualified for like terms. Vacancies in the Board shall be filled for the unexpired term in like manner as original 24 25 appointments. Each member of the Board shall be eligible for reappointment at the discretion of the Governor with the advice 26

1 and consent of the Senate.

(4) Each member of the Board shall receive \$300 for each
day the Board meets and for each day the member conducts any
hearing pursuant to this Act. Each member of the Board shall
also be reimbursed for all actual and necessary expenses and
disbursements incurred in the execution of official duties.

(5) No person shall be appointed a member of the Board or 7 8 continue to be a member of the Board who is, or whose spouse, 9 child or parent is, a member of the board of directors of, or a 10 person financially interested in, any gambling operation 11 subject to the jurisdiction of this Board, or any race track, 12 race meeting, racing association or the operations thereof subject to the jurisdiction of the Illinois Racing Board. No 13 14 Board member shall hold any other public office for which he 15 shall receive compensation other than necessary travel or other 16 incidental expenses. No person shall be a member of the Board 17 who is not of good moral character or who has been convicted of, or is under indictment for, a felony under the laws of 18 19 Illinois or any other state, or the United States.

20 (6) Any member of the Board may be removed by the Governor 21 for neglect of duty, misfeasance, malfeasance, or nonfeasance 22 in office.

(7) Before entering upon the discharge of the duties of his office, each member of the Board shall take an oath that he will faithfully execute the duties of his office according to the laws of the State and the rules and regulations adopted

therewith and shall give bond to the State of Illinois, 1 2 approved by the Governor, in the sum of \$25,000. Every such bond, when duly executed and approved, shall be recorded in the 3 office of the Secretary of State. Whenever the Governor 4 5 determines that the bond of any member of the Board has become or is likely to become invalid or insufficient, he shall 6 7 require such member forthwith to renew his bond, which is to be 8 approved by the Governor. Any member of the Board who fails to 9 take oath and give bond within 30 days from the date of his 10 appointment, or who fails to renew his bond within 30 days 11 after it is demanded by the Governor, shall be guilty of 12 neglect of duty and may be removed by the Governor. The cost of 13 any bond given by any member of the Board under this Section shall be taken to be a part of the necessary expenses of the 14 15 Board.

16 (8) Upon the request of the Board, the Department shall 17 employ such personnel as may be necessary to carry out the functions of the Board. No person shall be employed to serve 18 19 the Board who is, or whose spouse, parent or child is, an 20 official of, or has a financial interest in or financial 21 relation with, any operator engaged in gambling operations 22 within this State or any organization engaged in conducting 23 horse racing within this State. Any employee violating these prohibitions shall be subject to termination of employment. 24

(9) An Administrator shall perform any and all duties thatthe Board shall assign him. The salary of the Administrator

shall be determined by the Board and approved by the Director 1 2 of the Department and, in addition, he shall be reimbursed for 3 all actual and necessary expenses incurred by him in discharge of his official duties. The Administrator shall keep records of 4 5 all proceedings of the Board and shall preserve all records, books, documents and other papers belonging to the Board or 6 entrusted to its care. The Administrator shall devote his full 7 8 time to the duties of the office and shall not hold any other 9 office or employment.

10 (b) The Board shall have general responsibility for the 11 implementation of this Act. Its duties include, without 12 limitation, the following:

13 (1) To decide promptly and in reasonable order all 14 license applications. Any party aggrieved by an action of the Board denying, suspending, revoking, restricting or 15 16 refusing to renew a license may request a hearing before 17 the Board. A request for a hearing must be made to the Board in writing within 5 days after service of notice of 18 the action of the Board. Notice of the action of the Board 19 20 shall be served either by personal delivery or by certified mail, postage prepaid, to the aggrieved party. Notice 21 22 served by certified mail shall be deemed complete on the 23 business day following the date of such mailing. The Board 24 shall conduct all requested hearings promptly and in 25 reasonable order;

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(2) To conduct all hearings pertaining to civil

violations of this Act or rules and regulations promulgated
 hereunder;

3 (3) To promulgate such rules and regulations as in its 4 judgment may be necessary to protect or enhance the 5 credibility and integrity of gambling operations 6 authorized by this Act and the regulatory process 7 hereunder;

8 (4) To provide for the establishment and collection of 9 all license and registration fees and taxes imposed by this 10 Act and the rules and regulations issued pursuant hereto. 11 All such fees and taxes shall be deposited into the State 12 Gaming Fund;

(5) To provide for the levy and collection of penalties
and fines for the violation of provisions of this Act and
the rules and regulations promulgated hereunder. All such
fines and penalties shall be deposited into the Education
Assistance Fund, created by Public Act 86-0018, of the
State of Illinois;

19 (6) To be present through its inspectors and agents any 20 time gambling operations are conducted on any riverboat for 21 the purpose of certifying the revenue thereof, receiving 22 complaints from the public, and conducting such other 23 investigations into the conduct of the gambling games and 24 the maintenance of the equipment as from time to time the 25 Board may deem necessary and proper;

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(7) To review and rule upon any complaint by a licensee

regarding any investigative procedures of the State which 1 2 are unnecessarily disruptive of gambling operations. The 3 need to inspect and investigate shall be presumed at all times. The disruption of a licensee's operations shall be 4 5 proved by clear and convincing evidence, and establish 6 that: (A) the procedures had no reasonable law enforcement 7 purposes, and (B) the procedures were so disruptive as to 8 unreasonably inhibit gambling operations;

9 (8) To hold at least one meeting each quarter of the 10 fiscal year. In addition, special meetings may be called by 11 the Chairman or any 2 Board members upon 72 hours written 12 notice to each member. All Board meetings shall be subject to the Open Meetings Act. Three members of the Board shall 13 14 constitute a quorum, and 3 votes shall be required for any 15 final determination by the Board. The Board shall keep a 16 complete and accurate record of all its meetings. A 17 majority of the members of the Board shall constitute a quorum for the transaction of any business, for the 18 19 performance of any duty, or for the exercise of any power 20 which this Act requires the Board members to transact, 21 perform or exercise en banc, except that, upon order of the 22 Board, one of the Board members or an administrative law 23 judge designated by the Board may conduct any hearing 24 provided for under this Act or by Board rule and may 25 recommend findings and decisions to the Board. The Board 26 member or administrative law judge conducting such hearing

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shall have all powers and rights granted to the Board in this Act. The record made at the time of the hearing shall be reviewed by the Board, or a majority thereof, and the findings and decision of the majority of the Board shall constitute the order of the Board in such case;

6 (9) To maintain records which are separate and distinct 7 from the records of any other State board or commission. 8 Such records shall be available for public inspection and 9 shall accurately reflect all Board proceedings;

10 (10) To file a written annual report with the Governor 11 on or before March 1 each year and such additional reports 12 as the Governor may request. The annual report shall 13 include a statement of receipts and disbursements by the 14 Board, actions taken by the Board, and any additional 15 information and recommendations which the Board may deem 16 valuable or which the Governor may request;

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(11) (Blank); and

18 (12) To assume responsibility for the administration 19 and enforcement of the Bingo License and Tax Act, the 20 Charitable Games Act, and the Pull Tabs and Jar Games Act 21 if such responsibility is delegated to it by the Director 22 of Revenue; and.

23 (13) To assume responsibility for administration and
 24 enforcement of the Video Gaming Act.

(c) The Board shall have jurisdiction over and shallsupervise all gambling operations governed by this Act. The

Board shall have all powers necessary and proper to fully and effectively execute the provisions of this Act, including, but not limited to, the following:

4 (1) To investigate applicants and determine the 5 eligibility of applicants for licenses and to select among 6 competing applicants the applicants which best serve the 7 interests of the citizens of Illinois.

8 (2) To have jurisdiction and supervision over all 9 riverboat gambling operations in this State and all persons 10 on riverboats where gambling operations are conducted.

11 (3) To promulgate rules and regulations for the purpose 12 administering the provisions of this Act and to of prescribe rules, regulations and conditions under which 13 14 all riverboat gambling in the State shall be conducted. 15 Such rules and regulations are to provide for the 16 prevention of practices detrimental to the public interest 17 and for the best interests of riverboat gambling, including rules and regulations regarding the inspection of such 18 19 riverboats and the review of any permits or licenses 20 necessary to operate a riverboat under any laws or 21 regulations applicable to riverboats, and to impose 22 penalties for violations thereof.

(4) To enter the office, riverboats, facilities, or
other places of business of a licensee, where evidence of
the compliance or noncompliance with the provisions of this
Act is likely to be found.

(5) To investigate alleged violations of this Act or the rules of the Board and to take appropriate disciplinary 3 action against a licensee or a holder of an occupational license for a violation, or institute appropriate legal 4 action for enforcement, or both. 5

6 (6) To adopt standards for the licensing of all persons 7 under this Act, as well as for electronic or mechanical 8 gambling games, and to establish fees for such licenses.

9 (7) To adopt appropriate standards for all riverboats 10 and facilities.

11 (8) To require that the records, including financial or 12 other statements of any licensee under this Act, shall be kept in such manner as prescribed by the Board and that any 13 14 such licensee involved in the ownership or management of 15 gambling operations submit to the Board an annual balance 16 sheet and profit and loss statement, list of the 17 stockholders or other persons having a 1% or greater beneficial interest in the gambling activities of each 18 19 licensee, and any other information the Board deems 20 necessary in order to effectively administer this Act and 21 all rules, regulations, orders and final decisions 22 promulgated under this Act.

23 (9) To conduct hearings, issue subpoenas for the 24 attendance of witnesses and subpoenas duces tecum for the 25 production of books, records and other pertinent documents in accordance with the Illinois Administrative Procedure 26

1 2 Act, and to administer oaths and affirmations to the witnesses, when, in the judgment of the Board, it is necessary to administer or enforce this Act or the Board rules.

5 (10) To prescribe a form to be used by any licensee 6 involved in the ownership or management of gambling 7 operations as an application for employment for their 8 employees.

9 (11) To revoke or suspend licenses, as the Board may 10 see fit and in compliance with applicable laws of the State 11 regarding administrative procedures, and to review 12 applications for the renewal of licenses. The Board may 13 suspend an owners license, without notice or hearing upon a 14 determination that the safety or health of patrons or 15 employees is jeopardized by continuing a riverboat's 16 operation. The suspension may remain in effect until the 17 Board determines that the cause for suspension has been abated. The Board may revoke the owners license upon a 18 19 determination that the owner has not made satisfactory 20 progress toward abating the hazard.

(12) To eject or exclude or authorize the ejection or exclusion of, any person from riverboat gambling facilities where such person is in violation of this Act, rules and regulations thereunder, or final orders of the Board, or where such person's conduct or reputation is such that his presence within the riverboat gambling facilities

1 may, in the opinion of the Board, call into question the 2 honesty and integrity of the gambling operations or 3 interfere with orderly conduct thereof; provided that the 4 propriety of such ejection or exclusion is subject to 5 subsequent hearing by the Board.

6 (13) To require all licensees of gambling operations to 7 utilize a cashless wagering system whereby all players' 8 money is converted to tokens, electronic cards, or chips 9 which shall be used only for wagering in the gambling 10 establishment.

11

(14) (Blank).

12 To suspend, revoke or restrict licenses, to (15)require the removal of a licensee or an employee of a 13 14 licensee for a violation of this Act or a Board rule or for engaging in a fraudulent practice, and to impose civil 15 16 penalties of up to \$5,000 against individuals and up to 17 \$10,000 or an amount equal to the daily gross receipts, whichever is larger, against licensees for each violation 18 19 of any provision of the Act, any rules adopted by the 20 Board, any order of the Board or any other action which, in the Board's discretion, is a detriment or impediment to 21 22 riverboat gambling operations.

(16) To hire employees to gather information, conduct
 investigations and carry out any other tasks contemplated
 under this Act.

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(17) To establish minimum levels of insurance to be

1 maintained by licensees.

2 (18) To authorize a licensee to sell or serve alcoholic 3 liquors, wine or beer as defined in the Liquor Control Act 1934 on board a riverboat and to have exclusive 4 of 5 authority to establish the hours for sale and consumption 6 of alcoholic liquor on board a riverboat, notwithstanding 7 any provision of the Liquor Control Act of 1934 or any 8 local ordinance, and regardless of whether the riverboat 9 makes excursions. The establishment of the hours for sale 10 and consumption of alcoholic liquor on board a riverboat is 11 an exclusive power and function of the State. A home rule 12 unit may not establish the hours for sale and consumption 13 of alcoholic liquor on board a riverboat. This amendatory Act of 1991 is a denial and limitation of home rule powers 14 and functions under subsection (h) of Section 6 of Article 15 16 VII of the Illinois Constitution.

17 (19) After consultation with the U.S. Army Corps of Engineers, to establish binding emergency orders upon the 18 19 concurrence of a majority of the members of the Board 20 water, regarding the navigability of relative to excursions, in the event of extreme weather conditions, 21 22 acts of God or other extreme circumstances.

(20) To delegate the execution of any of its powers
under this Act for the purpose of administering and
enforcing this Act and its rules and regulations hereunder.
(21) To take any other action as may be reasonable or

appropriate to enforce this Act and rules and regulations
 hereunder.

(d) The Board may seek and shall receive the cooperation of 3 the Department of State Police in conducting background 4 5 investigations of applicants and in fulfilling its 6 responsibilities under this Section. Costs incurred by the 7 Department of State Police as a result of such cooperation 8 shall be paid by the Board in conformance with the requirements 9 of Section 2605-400 of the Department of State Police Law (20 10 ILCS 2605/2605-400).

11 (e) The Board must authorize to each investigator and to 12 any other employee of the Board exercising the powers of a 13 peace officer a distinct badge that, on its face, (i) clearly 14 states that the badge is authorized by the Board and (ii) 15 contains a unique identifying number. No other badge shall be 16 authorized by the Board.

17 (Source: P.A. 91-40, eff. 1-1-00; 91-239, eff. 1-1-00; 91-883, 18 eff. 1-1-01.)

Section 190. The Criminal Code of 1961 is amended by changing Sections 28-1, 28-1.1, and 28-3 as follows:

21 (720 ILCS 5/28-1) (from Ch. 38, par. 28-1)

22 Sec. 28-1. Gambling.

23 (a) A person commits gambling when he:

24 (1) Plays a game of chance or skill for money or other

thing of value, unless excepted in subsection (b) of this
Section; or

(2) Makes a wager upon the result of any game, contest, or any political nomination, appointment or election; or

(3) Operates, keeps, owns, uses, purchases, exhibits, rents, sells, bargains for the sale or lease of, manufactures or distributes any gambling device; or

8 (4) Contracts to have or give himself or another the 9 option to buy or sell, or contracts to buy or sell, at a 10 future time, any grain or other commodity whatsoever, or 11 any stock or security of any company, where it is at the 12 time of making such contract intended by both parties thereto that the contract to buy or sell, or the option, 13 14 whenever exercised, or the contract resulting therefrom, 15 shall be settled, not by the receipt or delivery of such 16 property, but by the payment only of differences in prices 17 thereof; however, the issuance, purchase, sale, exercise, endorsement or quarantee, by or through a person registered 18 19 with the Secretary of State pursuant to Section 8 of the 20 Illinois Securities Law of 1953, or by or through a person 21 exempt from such registration under said Section 8, of a 22 put, call, or other option to buy or sell securities which 23 have been registered with the Secretary of State or which are exempt from such registration under Section 3 of the 24 25 Illinois Securities Law of 1953 is not gambling within the 26 meaning of this paragraph (4); or

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1 (5) Knowingly owns or possesses any book, instrument or 2 apparatus by means of which bets or wagers have been, or 3 are, recorded or registered, or knowingly possesses any 4 money which he has received in the course of a bet or 5 wager; or

6 (6) Sells pools upon the result of any game or contest 7 of skill or chance, political nomination, appointment or 8 election; or

9 (7) Sets up or promotes any lottery or sells, offers to 10 sell or transfers any ticket or share for any lottery; or

11 (8) Sets up or promotes any policy game or sells, 12 offers to sell or knowingly possesses or transfers any 13 policy ticket, slip, record, document or other similar 14 device; or

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

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

(11) Knowingly transmits information as to wagers,
betting odds, or changes in betting odds by telephone,

telegraph, radio, semaphore or similar means; or knowingly installs or maintains equipment for the transmission or receipt of such information; except that nothing in this subdivision (11) prohibits transmission or receipt of such information for use in news reporting of sporting events or contests; or

7 (12) Knowingly establishes, maintains, or operates an 8 Internet site that permits a person to play a game of 9 chance or skill for money or other thing of value by means 10 of the Internet or to make a wager upon the result of any 11 game, contest, political nomination, appointment, or 12 election by means of the Internet.

13 (b) Participants in any of the following activities shall14 not be convicted of gambling therefor:

(1) Agreements to compensate for loss caused by the happening of chance including without limitation contracts of indemnity or guaranty and life or health or accident 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;

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

thereof, for transportation in interstate or foreign commerce to any place outside this State when such transportation is not prohibited by any applicable Federal law; or the manufacture, distribution, or possession of video gaming terminals, as defined in the Video Gaming Act, by manufacturers, distributors, and terminal operators 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;

12 (7) Possession of an antique slot machine that is 13 neither used nor intended to be used in the operation or 14 promotion of any unlawful gambling activity or enterprise. 15 For the purpose of this subparagraph (b)(7), an antique 16 slot machine is one manufactured 25 years ago or earlier;

17 (8) Raffles when conducted in accordance with the18 Raffles Act;

(9) Charitable games when conducted in accordance withthe Charitable Games Act;

(10) Pull tabs and jar games when conducted under the
Illinois Pull Tabs and Jar Games Act; or

(11) Gambling games conducted on riverboats when
 authorized by the Riverboat Gambling Act; or-

25(12) Video gaming terminal games at a licensed26establishment, licensed truck stop establishment, licensed

1	fraternal	estab	lishment,	(or	licen	sed	ve	terans
2	<u>establishment</u>	when	conducted	in	accoi	dance	with	the	Video
3	Gaming Act.								

4 (c) Sentence.

5 Gambling under subsection (a) (1) or (a) (2) of this Section is a Class A misdemeanor. Gambling under any of subsections 6 (a) (3) through (a) (11) of this Section is a Class 7 Α 8 misdemeanor. A second or subsequent conviction under any of 9 subsections (a) (3) through (a) (11), is a Class 4 felony. 10 Gambling under subsection (a) (12) of this Section is a Class A 11 misdemeanor. Α second or subsequent conviction under 12 subsection (a) (12) is a Class 4 felony.

13 (d) Circumstantial evidence.

In prosecutions under subsection (a)(1) through (a)(12) of this Section circumstantial evidence shall have the same validity and weight as in any criminal prosecution.

17 (Source: P.A. 91-257, eff. 1-1-00.)

18 (720 ILCS 5/28-1.1) (from Ch. 38, par. 28-1.1)

19 Sec. 28-1.1. Syndicated gambling.

20 (a) Declaration of Purpose. Recognizing the close 21 relationship between professional gambling and other organized 22 crime, it is declared to be the policy of the legislature to restrain persons from engaging in the business of gambling for 23 24 profit in this State. This Section shall be liberally construed 25 and administered with a view to carrying out this policy.

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(b) A person commits syndicated gambling when he operates a "policy game" or engages in the business of bookmaking.

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(c) A person "operates a policy game" when he knowingly uses any premises or property for the purpose of receiving or 4 5 knowingly does receive from what is commonly called "policy":

6 (1) money from a person other than the better or player 7 whose bets or plays are represented by such money; or

(2) written "policy game" records, made or used over 8 9 any period of time, from a person other than the better or 10 player whose bets or plays are represented by such written 11 record.

12 (d) A person engages in bookmaking when he receives or accepts more than five bets or wagers upon the result of any 13 14 trials or contests of skill, speed or power of endurance or 15 upon any lot, chance, casualty, unknown or contingent event 16 whatsoever, which bets or wagers shall be of such size that the 17 total of the amounts of money paid or promised to be paid to such bookmaker on account thereof shall exceed \$2,000. 18 19 Bookmaking is the receiving or accepting of such bets or wagers 20 regardless of the form or manner in which the bookmaker records 21 them.

22 (e) Participants in any of the following activities shall 23 not be convicted of syndicated gambling:

(1) Agreements to compensate for loss caused by the 24 25 happening of chance including without limitation contracts 26 of indemnity or quaranty and life or health or accident

1 insurance; and

2 (2) Offers of prizes, award or compensation to the 3 actual contestants in any bona fide contest for the 4 determination of skill, speed, strength or endurance or to 5 the owners of animals or vehicles entered in such contest; 6 and

7 (3) Pari-mutuel betting as authorized by law of this
8 State; and

9 (4) Manufacture of gambling devices, including the 10 acquisition of essential parts therefor and the assembly 11 thereof, for transportation in interstate or foreign 12 commerce to any place outside this State when such 13 transportation is not prohibited by any applicable Federal 14 law; and

15 (5) Raffles when conducted in accordance with the16 Raffles Act; and

17 (6) Gambling games conducted on riverboats when
 18 authorized by the Riverboat Gambling Act; and.

19(7) Video qaming terminal games at a licensed20establishment, licensed truck stop establishment, licensed21fraternal establishment, or licensed veterans22establishment when conducted in accordance with the Video23Gaming Act.

(f) Sentence. Syndicated gambling is a Class 3 felony.
(Source: P.A. 86-1029; 87-435.)

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(720 ILCS 5/28-3) (from Ch. 38, par. 28-3)

2 Sec. 28-3. Keeping a Gambling Place. A "gambling place" is any real estate, vehicle, boat or any other property whatsoever 3 used for the purposes of gambling other than gambling conducted 4 5 in the manner authorized by the Riverboat Gambling Act or the 6 Video Gaming Act. Any person who knowingly permits any premises 7 or property owned or occupied by him or under his control to be 8 used as a gambling place commits a Class A misdemeanor. Each 9 subsequent offense is a Class 4 felony. When any premises is determined by the circuit court to be a gambling place: 10

11 (a) Such premises is a public nuisance and may be proceeded12 against as such, and

13 (b) All licenses, permits or certificates issued by the State of Illinois or any subdivision or public agency thereof 14 authorizing the serving of food or liquor on such premises 15 shall be void; and no license, permit or certificate so 16 17 cancelled shall be reissued for such premises for a period of 60 days thereafter; nor shall any person convicted of keeping a 18 gambling place be reissued such license for one year from his 19 20 conviction and, after a second conviction of keeping a gambling place, any such person shall not be reissued such license, and 21

(c) Such premises of any person who knowingly permits thereon a violation of any Section of this Article shall be held liable for, and may be sold to pay any unsatisfied judgment that may be recovered and any unsatisfied fine that may be levied under any Section of this Article.

HB4239 - 42 - LRB096 11363 AMC 21822 b (Source: P.A. 86-1029.) 1 Section 195. The State Finance Act is amended by adding 2 Section 5.719 as follows: 3 4 (30 ILCS 105/5.719 new) 5 Sec. 5.719. The Local Government Video Gaming Distributive 6 Fund. Section 999. Effective date. This Act takes effect upon 7 8 becoming law.