

SB2207



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB2207

Introduced 2/15/2011, by Sen. James F. Clayborne, Jr.

SYNOPSIS AS INTRODUCED:

230 ILCS 5/33.5 new

Amends the Illinois Horse Racing Act of 1975. Provides that the Illinois Racing Board shall issue licenses for the conducting of exchange wagering, subject to certain conditions. Defines "exchange wagering" as a form of pari-mutuel wagering in which 2 or more persons place identically opposing wagers in a given market. Sets forth provisions concerning definitions, exchange wagering accounts, security policies and safeguards to ensure player protection and integrity, powers of the Board, exchange revenues, fees, and severability. Makes other changes. Effective January 1, 2012.

LRB097 09206 ASK 49341 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

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 Illinois Horse Racing Act of 1975 is amended
5 by adding Section 33.5 as follows:

6 (230 ILCS 5/33.5 new)

7 Sec. 33.5. Exchange wagering license.

8 (a) As used in this Section:

9 "Back" means to wager on a selected outcome occurring
10 in a given market.

11 "Board" means the Illinois Racing Board.

12 "Exchange" means a system operated by an exchange
13 wagering licensee in which the exchange wagering licensee
14 maintains one or more markets in which persons may back or
15 lay a selected outcome.

16 "Exchange revenues" means all charges and fees of any
17 kind assessed or collected by an exchange wagering licensee
18 in connection with the submission of any exchange wagers to
19 the exchange wagering licensee by residents of this State.

20 "Exchange wagers" means wagers submitted to an
21 exchange wagering licensee to be posted in a market on an
22 exchange.

23 "Exchange wagering" means a form of pari-mutuel

1 wagering in which 2 or more persons place identically
2 opposing wagers in a given market.

3 "Exchange wagering account" means the account
4 established with an exchange wagering licensee by a person
5 participating in exchange wagering and may include an
6 account established with an advance deposit wagering
7 licensee, as defined in Section 3.29 of this Act.

8 "Exchange wagering licensee" means a person located
9 within or outside of this State that is authorized to
10 conduct exchange wagering pursuant to this Section.

11 "Identically opposing wagers" means wagers in which
12 one or more persons offer to lay a selected outcome at the
13 same price at which one or more persons offer to back that
14 same outcome, with the amount subject to the lay being
15 proportionately commensurate to the amount subject to the
16 back.

17 "Lay" means to wager on a selected outcome not
18 occurring in a given market.

19 "Market" means, in relation to a given horse race or a
20 given set of horse races, a particular outcome that is
21 subject to exchange wagering as determined by an exchange
22 wagering licensee.

23 "Matched wager" means the wager that is formed when 2
24 or more persons are confirmed by the exchange operator as
25 having placed identically opposing wagers in a given market
26 on the exchange.

1 "Net winnings" means the aggregate amounts payable to a
2 person as a result of that person's winning matched wagers
3 in a pool less the aggregate amount paid by that person as
4 a result of that person's losing matched wagers in that
5 pool.

6 "Pari-mutuel wagering" means any system whereby wagers
7 with respect to the outcome of a horse race are placed
8 with, or in, a wagering pool conducted by an authorized
9 person, and in which the participants are wagering with
10 each other and not against the person conducting the
11 wagering pool.

12 "Pool" or "wagering pool" when used in connection with
13 exchange wagering means total of all matched wagers in a
14 given market.

15 "Price" means the odds for a given exchange wager.

16 "Unmatched wager" means a wager or portion of a wager
17 placed in a given market within an exchange that does not
18 become part of a matched wager because there are not one or
19 more available exchange wagers in that market with which to
20 form one or more identically opposing wagers.

21 (b) Notwithstanding any other law or rule to the contrary,
22 exchange wagering by residents of this State and residents of
23 jurisdictions outside of this State on the results of horse
24 racers conducted in this State or jurisdictions outside of this
25 State shall be lawful if:

26 (1) the exchange wagering is conducted by an exchange

1 wagering licensee under this Act;

2 (2) the exchange wagering is conducted pursuant to, and
3 in compliance with, this Section, any rules adopted by the
4 Board pursuant to this Section, and the provisions of the
5 Interstate Horse Racing Act of 1978, 15 U.S.C. 3001 through
6 3007, as amended; and

7 (3) the exchange wagers are submitted to, and accepted
8 by, an exchange wagering licensee in-person, over a direct
9 telephone call, or via communication through other
10 electronic media, including, but not limited to, the
11 Internet and other wireless devices.

12 (c) A person shall not be permitted to open an exchange
13 wagering account, or place an exchange wager, except in
14 accordance with federal law, this Section, and rules adopted by
15 the Board pursuant to this Section. Only persons with valid
16 exchange wagering accounts may place wagers through an
17 exchange. To establish an exchange wagering account, a person
18 shall be at least 21 years of age and a resident of this State
19 or of another jurisdiction within which the placement of
20 exchange wagers would not be unlawful under federal law or the
21 laws of that jurisdiction.

22 (d) Prior to issuing an exchange wagering license, the
23 Board must approve of the license applicant's security policies
24 and safeguards to ensure player protection and integrity,
25 including, but not limited to, the following:

26 (1) Provisions governing the acceptance of electronic

1 applications for persons establishing exchange wagering
2 accounts.

3 (2) Location and age verification confirmation for
4 persons establishing exchange wagering accounts.

5 (3) The use of identifying factors to ensure security
6 of individual accounts.

7 (4) The requirements for management of funds in
8 exchange wagering accounts.

9 An exchange wagering licensee may not accept from an
10 exchange wagering account holder an exchange wager or series of
11 exchange wagers if the results of the exchange wager or series
12 of exchange wagers would create a liability for the exchange
13 wagering account holder in excess of funds on deposit in his or
14 her exchange wagering account. An exchange wagering licensee
15 shall have the right to suspend or close an exchange wagering
16 account at its discretion.

17 (e) The Board shall have the power to:

18 (1) adopt rules setting forth the conditions under
19 which exchange wagering may be conducted in this State
20 consistent with this Section, including the manner in which
21 exchange wagers may be accepted and the requirements for
22 any person to participate in exchange wagering;

23 (2) adopt rules setting forth the conditions under
24 which all exchange wagering licenses are issued or renewed
25 in this State, including requiring an annual audit of the
26 exchange wagering licensee's books and records pertaining

1 to exchange wagering;

2 (3) revoke, suspend, or refuse to renew a license
3 pursuant to the authority granted to the Board under this
4 Section;

5 (4) adopt rules governing when an exchange wagering
6 licensee may cancel or void a matched wager or part of a
7 matched wager and the actions that an exchange wagering
8 licensee may take when all or part of a matched wager is
9 cancelled or voided;

10 (5) reasonably require the licensure or registration
11 of officers or directors of any exchange wagering licensee;
12 and

13 (6) adopt any other rules necessary for the enforcement
14 of this Section.

15 (f) An exchange wagering licensee shall not be required to
16 include any pools of exchange wagers in the wagering pools at
17 the track or fair conducting the races nor shall an exchange
18 wagering licensee be required to retain, withhold, or take out
19 any amounts from any exchange wagers, nor pay any tax, fee,
20 surcharge, or assessment in connection with any exchange
21 wagering, except as set forth in subsection (h) of this
22 Section.

23 (g) Subject to the approval of the Board, an exchange
24 wagering licensee shall be permitted to collect exchange
25 revenues in the manner and amounts determined by the exchange
26 wagering licensee, including, but not limited to, assessing a

1 surcharge on any person's net winnings.

2 (h) The Board may require each exchange wagering licensee
3 to (1) pay a annual fee to cover any reasonable costs of the
4 Board associated with the licensing or regulation of exchange
5 wagering by the exchange wagering licensee and (2) pay such
6 portions of the exchange wagering licensee's exchange revenues
7 as may be required under this Act.

8 (i) An exchange wagering licensee may cancel or allow to be
9 cancelled any unmatched wagers, without cause, at any time.

10 (j) Exchange wagers placed on a market after the start of a
11 race shall be lawful if authorized by the Board and the race
12 track or fair conducting the races on which the exchange wager
13 is made.

14 (k) The provisions of this amendatory Act of the 97th
15 General Assembly are severable under Section 1.31 of the
16 Statute on Statutes.

17 Section 99. Effective date. This Act takes effect January
18 1, 2012.