

1 AN ACT concerning State government.

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

4 Section 5. The Illinois Lottery Law is amended by changing
5 Sections 3 and 7.12 as follows:

6 (20 ILCS 1605/3) (from Ch. 120, par. 1153)

7 Sec. 3. For the purposes of this Act:

8 a. "Lottery" or "State Lottery" means the lottery or
9 lotteries established and operated pursuant to this Act.

10 b. "Board" means the Lottery Control Board created by this
11 Act.

12 c. "Department" means the Department of the Lottery.

13 d. (Blank).

14 e. "Chairman" means the Chairman of the Lottery Control
15 Board.

16 f. "Multi-state game directors" means such persons,
17 including the Superintendent, as may be designated by an
18 agreement between the Department and one or more additional
19 lotteries operated under the laws of another state or states.

20 g. (Blank).

21 h. "Superintendent" means the Superintendent of the
22 Department of the Lottery.

23 i. "Management agreement" means an agreement or contract

1 between the Department on behalf of the State with a private
2 manager, as an independent contractor, whereby the private
3 manager provides management services to the Lottery in exchange
4 for compensation that may consist of, among other things, a fee
5 for services and a performance-based bonus of no more than 5%
6 of Lottery profits so long as the Department continues to
7 exercise actual control over all significant business
8 decisions made by the private manager as set forth in Section
9 9.1.

10 j. "Person" means any individual, firm, association, joint
11 venture, partnership, estate, trust, syndicate, fiduciary,
12 corporation, or other legal entity, group, or combination.

13 k. "Private manager" means a person that provides
14 management services to the Lottery on behalf of the Department
15 under a management agreement.

16 l. "Profits" means total revenues accruing from the sale of
17 lottery tickets or shares and related proceeds minus (1) the
18 payment of prizes and retailer bonuses and (2) the payment of
19 costs incurred in the operation and administration of the
20 lottery, excluding costs of services directly rendered by a
21 private manager.

22 m. "Chief Procurement Officer" means the Chief Procurement
23 Officer provided for under paragraph (4) of subsection (a) of
24 Section 10-20 of the Illinois Procurement Code.

25 n. "Draw-based games" means games where a series of numbers
26 or characters are determined to be the winning numbers or

1 characters by a mechanical or computerized random number
2 generator at a drawing time specified by the Department.

3 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-840,
4 eff. 12-23-09; 97-464, eff. 8-19-11.)

5 (20 ILCS 1605/7.12)

6 Sec. 7.12. Internet pilot program.

7 (a) The General Assembly finds that:

8 (1) the consumer market in Illinois has changed since
9 the creation of the Illinois State Lottery in 1974;

10 (2) the Internet has become an integral part of
11 everyday life for a significant number of Illinois
12 residents not only in regards to their professional life,
13 but also in regards to personal business and communication;
14 and

15 (3) the current practices of selling lottery tickets
16 does not appeal to the new form of market participants who
17 prefer to make purchases on the Internet at their own
18 convenience.

19 It is the intent of the General Assembly to create an
20 Internet pilot program for the sale of lottery tickets to
21 capture this new form of market participant.

22 (b) The Department shall create a pilot program that allows
23 an individual 18 years of age or older to purchase lottery
24 tickets or shares on the Internet without using a Lottery
25 retailer with on-line status, as those terms are defined by

1 rule. The Department shall restrict the sale of lottery tickets
2 on the Internet to transactions initiated and received or
3 otherwise made exclusively within the State of Illinois. The
4 Department shall adopt rules necessary for the administration
5 of this program. These rules shall include, among other things,
6 requirements for marketing of the Lottery to infrequent
7 players, as well as limitations on the purchases that may be
8 made through any one individual's lottery account. The
9 provisions of this Act and the rules adopted under this Act
10 shall apply to the sale of lottery tickets or shares under this
11 program.

12 Before beginning the pilot program, the Department of the
13 Lottery must submit a request to the United States Department
14 of Justice for review of the State's plan to implement a pilot
15 program for the sale of lottery tickets on the Internet and its
16 propriety under federal law. The Department shall implement the
17 Internet pilot program only if the Department of Justice does
18 not object to the implementation of the program within a
19 reasonable period of time after its review.

20 The Department is obligated to implement the pilot program
21 set forth in this Section and Sections 7.15 and 7.16 only at
22 such time, and to such extent, that the Department of Justice
23 does not object to the implementation of the program within a
24 reasonable period of time after its review. While the Illinois
25 Lottery may only offer Lotto, Mega Millions, and Powerball
26 games through the pilot program, the Department shall request

1 review from the federal Department of Justice for the Illinois
2 Lottery to sell lottery tickets on the Internet on behalf of
3 the State of Illinois that are not limited to just these games.

4 After the study of the Internet Lottery Study Committee is
5 delivered to the Governor, President of the Senate, Minority
6 Leader of the Senate, Speaker of the House of Representatives,
7 Minority Leader of the House of Representatives, and each of
8 the members of the Study Committee in accordance with
9 subsection (c) of this Section, the Illinois Lottery may offer
10 additional draw-based games through the pilot program.

11 The Department shall authorize the private manager to
12 implement and administer the program pursuant to the management
13 agreement entered into under Section 9.1 and in a manner
14 consistent with the provisions of this Section. If a private
15 manager has not been selected pursuant to Section 9.1 at the
16 time the Department is obligated to implement the pilot
17 program, then the Department shall not proceed with the pilot
18 program until after the selection of the private manager, at
19 which time the Department shall authorize the private manager
20 to implement and administer the program pursuant to the
21 management agreement entered into under Section 9.1 and in a
22 manner consistent with the provisions of this Section.

23 The pilot program shall last for not less than 36 months,
24 but not more than 48 months from the date of its initial
25 operation.

26 Nothing in this Section shall be construed as prohibiting

1 the Department from implementing and operating a website portal
2 whereby individuals who are 18 years of age or older with an
3 Illinois mailing address may apply to purchase lottery tickets
4 via subscription. Nothing in this Section shall also be
5 construed as prohibiting the sale of Lotto, Mega Millions, and
6 Powerball and other draw-based games by a lottery licensee
7 pursuant to the Department's rules.

8 (c) There is created the Internet Lottery Study Committee
9 as an advisory body within the Department. The Department shall
10 conduct a study to determine the impact of the Internet pilot
11 program on lottery licensees. The Department shall also
12 determine the feasibility of the sale of stored value cards by
13 lottery licensees as a non-exclusive option for use by
14 individuals 18 years of age or older who purchase tickets for
15 authorized lottery games in the Internet pilot program. For the
16 purposes of this study, it is anticipated that the stored value
17 cards will have, but need not be limited to, the following
18 characteristics: (1) the cards will be available only to
19 individuals 18 years of age and older; (2) the cards will be
20 rechargeable, closed-loop cards that can only be loaded with
21 cash; (3) the cards will have unique identifying numbers to be
22 used for on-line play; (4) the cards will have on-line play
23 subtracted from the card's value; (5) the cards may have
24 on-line winnings added to them; (6) the cards will be used at
25 Lottery retailers to cash out winnings of up to \$600; and (7)
26 the cards will meet all technological, programming, and

1 security requirements mandated by the Department and the
2 governing bodies of both Mega Millions and Powerball.

3 To the fullest extent possible, but subject to available
4 resources, the Department shall ensure that the study evaluates
5 and analyzes at least the following issues:

6 (1) economic benefits to the State from Internet
7 Lottery sales from stored value cards and from resulting
8 sales taxes;

9 (2) economic benefits to local governments from sales
10 taxes generated from Internet Lottery sales through stored
11 value cards;

12 (3) economic benefits to Lottery retailers from
13 Internet Lottery sales and from ancillary retail product
14 sales in connection with the same;

15 (4) enhanced player age verification from face-to-face
16 interaction;

17 (5) enhanced control of gambling addiction from
18 face-to-face interaction;

19 (6) elimination of credit card overspending through
20 the use of stored value cards and resulting reduced debt
21 issues;

22 (7) the feasibility of the utilization of existing
23 Lottery machines to dispense stored value cards;

24 (8) the technological, programming, and security
25 requirements to make stored value cards an appropriate
26 sales alternative; and

1 (9) the cost and project time estimates for
2 implementation, including adaptation of existing Lottery
3 machines, programming, and technology enhancements and
4 impact to operations.

5 The Study Committee shall consist of the Superintendent or
6 his or her designee; the chief executive officer of the
7 Lottery's private manager or his or her designee; a
8 representative appointed by the Governor's Office; 2
9 representatives of the lottery licensee community appointed by
10 the Superintendent; one representative of a statewide
11 association representing food retailers appointed by the
12 Superintendent; and one representative of a statewide
13 association representing retail merchants appointed by the
14 Superintendent.

15 Members of the Study Committee shall be appointed within 30
16 days after the effective date of this amendatory Act of the
17 97th General Assembly. No later than 6 months after the
18 effective date of this amendatory Act of the 97th General
19 Assembly, the Department shall provide to the members of the
20 Study Committee the proposed findings and recommendations of
21 the study in order to solicit input from the Study Committee.
22 Within 30 calendar days thereafter, the Study Committee shall
23 convene a meeting of the members to discuss the proposed
24 findings and recommendations of the study. No later than 15
25 calendar days after meeting, the Study Committee shall submit
26 to the Department any written changes, additions, or

1 corrections the Study Committee wishes the Department to make
2 to the study. The Department shall consider the propriety of
3 and respond to each change, addition, or correction offered by
4 the Study Committee in the study. The Department shall also set
5 forth any such change, addition, or correction offered by
6 members of the Study Committee and the Department's responses
7 thereto in the appendix to the study. No later than 15 calendar
8 days after receiving the changes, additions, or corrections
9 offered by the Study Committee, the Department shall deliver
10 copies of the final study and appendices, if any, to the
11 Governor, President of the Senate, Minority Leader of the
12 Senate, Speaker of the House of Representatives, Minority
13 Leader of the House of Representatives, and each of the members
14 of the Study Committee.

15 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-840,
16 eff. 12-23-09; 97-464, eff. 10-15-11; 97-1121, eff. 8-27-12.)