



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB0746

Introduced 2/3/2015, by Sen. Dave Syverson

SYNOPSIS AS INTRODUCED:

230 ILCS 40/5
230 ILCS 40/25
230 ILCS 40/58

Amends the Video Gaming Act. Beginning 3 years after the effective date of the Act, requires licensed retail establishments to have at least 15% of total revenue annually from the sale of alcoholic liquor. Provides that "licensed establishment" does not include an establishment primarily engaged in the retail sale of alcoholic liquor for consumption off the premises. Provides that a licensed truck stop establishment that is located within 3 road miles from a freeway interchange, and that sells at retail more than 50,000 gallons of diesel or biodiesel fuel per month may operate up to 10 video gaming terminals on its premises at any time. Provides that all other licensed truck stop establishments may operate no more than 5 video gaming terminals. Requires licensed truck stops to monitor video gaming terminals through a closed circuit television system and within the direct view of one employee over 21 years of age.

LRB099 07325 MLM 27435 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 Video Gaming Act is amended by changing
5 Sections 5, 25, and 58 as follows:

6 (230 ILCS 40/5)

7 Sec. 5. Definitions. As used in this Act:

8 "Board" means the Illinois Gaming Board.

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

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

16 "Electronic card" means a card purchased from a licensed
17 establishment, licensed fraternal establishment, licensed
18 veterans establishment, or licensed truck stop establishment
19 for use in that establishment as a substitute for cash in the
20 conduct of gaming on a video gaming terminal.

21 "Electronic voucher" means a voucher printed by an
22 electronic video game machine that is redeemable in the
23 licensed establishment for which it was issued.

1 "Terminal operator" means an individual, partnership,
2 corporation, or limited liability company that is licensed
3 under this Act and that owns, services, and maintains video
4 gaming terminals for placement in licensed establishments,
5 licensed truck stop establishments, licensed fraternal
6 establishments, or licensed veterans establishments.

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

10 "Licensed terminal handler" means a person, including but
11 not limited to an employee or independent contractor working
12 for a manufacturer, distributor, supplier, technician, or
13 terminal operator, who is licensed under this Act to possess or
14 control a video gaming terminal or to have access to the inner
15 workings of a video gaming terminal. A licensed terminal
16 handler does not include an individual, partnership,
17 corporation, or limited liability company defined as a
18 manufacturer, distributor, supplier, technician, or terminal
19 operator under this Act.

20 "Manufacturer" means an individual, partnership,
21 corporation, or limited liability company that is licensed
22 under this Act and that manufactures or assembles video gaming
23 terminals.

24 "Supplier" means an individual, partnership, corporation,
25 or limited liability company that is licensed under this Act to
26 supply major components or parts to video gaming terminals to

1 licensed terminal operators.

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

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

14 "Licensed establishment" means any licensed retail
15 establishment where alcoholic liquor is drawn, poured, mixed,
16 or otherwise served for consumption on the premises, whether
17 the establishment operates on a nonprofit or for-profit basis.
18 Beginning 3 years after the effective date of this amendatory
19 Act of the 99th General Assembly, the retail establishment must
20 have, at a minimum, 15% of total revenue annually from the sale
21 of alcoholic liquor. For the purposes of issuance of a license
22 or renewal of a license, the retail establishment must provide
23 gross receipts to the Board as proof that it meets this
24 requirement. "Licensed establishment" does not include an
25 establishment primarily engaged in the retail sale of alcoholic
26 liquor for consumption off the premises. "Licensed

1 establishment" includes any such establishment that has a
2 contractual relationship with an inter-track wagering location
3 licensee licensed under the Illinois Horse Racing Act of 1975,
4 provided any contractual relationship shall not include any
5 transfer or offer of revenue from the operation of video gaming
6 under this Act to any licensee licensed under the Illinois
7 Horse Racing Act of 1975. Provided, however, that the licensed
8 establishment that has such a contractual relationship with an
9 inter-track wagering location licensee may not, itself, be (i)
10 an inter-track wagering location licensee, (ii) the corporate
11 parent or subsidiary of any licensee licensed under the
12 Illinois Horse Racing Act of 1975, or (iii) the corporate
13 subsidiary of a corporation that is also the corporate parent
14 or subsidiary of any licensee licensed under the Illinois Horse
15 Racing Act of 1975. "Licensed establishment" does not include a
16 facility operated by an organization licensee, an inter-track
17 wagering licensee, or an inter-track wagering location
18 licensee licensed under the Illinois Horse Racing Act of 1975
19 or a riverboat licensed under the Riverboat Gambling Act,
20 except as provided in this paragraph. The changes made to this
21 definition by Public Act 98-587 are declarative of existing
22 law.

23 "Licensed fraternal establishment" means the location
24 where a qualified fraternal organization that derives its
25 charter from a national fraternal organization regularly
26 meets.

1 "Licensed veterans establishment" means the location where
2 a qualified veterans organization that derives its charter from
3 a national veterans organization regularly meets.

4 "Licensed truck stop establishment" means a facility (i)
5 that is at least a 3-acre facility with a convenience store,
6 (ii) with separate diesel islands for fueling commercial motor
7 vehicles, (iii) that sells at retail more than 10,000 gallons
8 of diesel or biodiesel fuel per month, and (iv) with parking
9 spaces for commercial motor vehicles. "Commercial motor
10 vehicles" has the same meaning as defined in Section 18b-101 of
11 the Illinois Vehicle Code. The requirement of item (iii) of
12 this paragraph may be met by showing that estimated future
13 sales or past sales average at least 10,000 gallons per month.
14 (Source: P.A. 97-333, eff. 8-12-11; 98-31, eff. 6-24-13;
15 98-582, eff. 8-27-13; 98-587, eff. 8-27-13; 98-756, eff.
16 7-16-14.)

17 (230 ILCS 40/25)

18 Sec. 25. Restriction of licensees.

19 (a) Manufacturer. A person may not be licensed as a
20 manufacturer of a video gaming terminal in Illinois unless the
21 person has a valid manufacturer's license issued under this
22 Act. A manufacturer may only sell video gaming terminals for
23 use in Illinois to persons having a valid distributor's
24 license.

25 (b) Distributor. A person may not sell, distribute, or

1 lease or market a video gaming terminal in Illinois unless the
2 person has a valid distributor's license issued under this Act.
3 A distributor may only sell video gaming terminals for use in
4 Illinois to persons having a valid distributor's or terminal
5 operator's license.

6 (c) Terminal operator. A person may not own, maintain, or
7 place a video gaming terminal unless he has a valid terminal
8 operator's license issued under this Act. A terminal operator
9 may only place video gaming terminals for use in Illinois in
10 licensed establishments, licensed truck stop establishments,
11 licensed fraternal establishments, and licensed veterans
12 establishments. No terminal operator may give anything of
13 value, including but not limited to a loan or financing
14 arrangement, to a licensed establishment, licensed truck stop
15 establishment, licensed fraternal establishment, or licensed
16 veterans establishment as any incentive or inducement to locate
17 video terminals in that establishment. Of the after-tax profits
18 from a video gaming terminal, 50% shall be paid to the terminal
19 operator and 50% shall be paid to the licensed establishment,
20 licensed truck stop establishment, licensed fraternal
21 establishment, or licensed veterans establishment,
22 notwithstanding any agreement to the contrary. A video terminal
23 operator that violates one or more requirements of this
24 subsection is guilty of a Class 4 felony and is subject to
25 termination of his or her license by the Board.

26 (d) Licensed technician. A person may not service,

1 maintain, or repair a video gaming terminal in this State
2 unless he or she (1) has a valid technician's license issued
3 under this Act, (2) is a terminal operator, or (3) is employed
4 by a terminal operator, distributor, or manufacturer.

5 (d-5) Licensed terminal handler. No person, including, but
6 not limited to, an employee or independent contractor working
7 for a manufacturer, distributor, supplier, technician, or
8 terminal operator licensed pursuant to this Act, shall have
9 possession or control of a video gaming terminal, or access to
10 the inner workings of a video gaming terminal, unless that
11 person possesses a valid terminal handler's license issued
12 under this Act.

13 (e) Licensed establishment. No video gaming terminal may be
14 placed in any licensed establishment, licensed veterans
15 establishment, licensed truck stop establishment, or licensed
16 fraternal establishment unless the owner or agent of the owner
17 of the licensed establishment, licensed veterans
18 establishment, licensed truck stop establishment, or licensed
19 fraternal establishment has entered into a written use
20 agreement with the terminal operator for placement of the
21 terminals. A copy of the use agreement shall be on file in the
22 terminal operator's place of business and available for
23 inspection by individuals authorized by the Board. A licensed
24 establishment, ~~licensed truck stop establishment,~~ licensed
25 veterans establishment, or licensed fraternal establishment
26 may operate up to 5 video gaming terminals on its premises at

1 any time. A licensed truck stop establishment that is located
2 within 3 road miles from a freeway interchange, as measured in
3 accordance with the Illinois Department of Transportation's
4 rules regarding the criteria for the installation of business
5 signs, and that sells at retail more than 50,000 gallons of
6 diesel or biodiesel fuel per month may operate up to 10 video
7 gaming terminals on its premises at any time. A licensed truck
8 stop establishment may meet the fuel sales requirement by
9 showing that estimated future sales or past sales average at
10 least 50,000 gallons per month. All other licensed truck stop
11 establishments may operate no more than 5 video gaming
12 terminals at any time.

13 (f) (Blank).

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

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

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

25 (C) When, with respect to a corporation, an individual
26 or his or her spouse is an officer or director, or the

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

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

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

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

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

25 (h) Location restriction. A licensed establishment,
26 licensed truck stop establishment, licensed fraternal

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

22 Notwithstanding the provisions of this subsection (h), the
23 Board may waive the requirement that a licensed establishment,
24 licensed truck stop establishment, licensed fraternal
25 establishment, or licensed veterans establishment not be
26 located within 1,000 feet from a facility operated by an

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

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

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

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

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

26 The Board shall adopt rules concerning undue economic

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

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

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

13 (230 ILCS 40/58)

14 Sec. 58. Location of terminals. Video gaming terminals
15 must be located in an area restricted to persons over 21 years
16 of age the entrance to which is within the view of at least one
17 employee, who is over 21 years of age, of the establishment in
18 which they are located or, if a licensed truck stop
19 establishment, monitored through a closed circuit television
20 monitor located on the premises and within the direct view of
21 at least one employee, who is over 21 years of age. The
22 placement of video gaming terminals in licensed
23 establishments, licensed truck stop establishments, licensed
24 fraternal establishments, and licensed veterans establishments
25 shall be subject to the rules promulgated by the Board pursuant

1 to the Illinois Administrative Procedure Act.

2 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09.)