Rep. Margaret Croke

Filed: 3/10/2025

AMENDMENT TO HOUSE BILL 2674

AMENDMENT NO. ______. Amend House Bill 2674 by replacing everything after the enacting clause with the following:

"Section 5. The Illinois Lottery Law is amended by changing Sections 2, 3, 6, 7.1, 7.8a, 7.12, 8.1, 9, 9.1, 9.3, 10.1, 10.6, 13.1, 19, 20, 20.1, 24, and 27 as follows:

(20 ILCS 1605/2) (from Ch. 120, par. 1152)

Sec. 2. This Act is enacted to implement and establish within the State a lottery to be conducted by the State through the Department. The entire net proceeds of the Lottery are to be used for the support of the State's Common School Fund, except as otherwise provided in this Act. The General Assembly finds that it is in the public interest for the Department to conduct the functions of the Lottery with the assistance of a private manager under a management agreement overseen by the Department until the current management agreement expires and all roles and responsibilities of the private manager are transitioned to the State. The Department shall be accountable to the General Assembly and the people of the State through a comprehensive system of regulation, audits, reports, and enduring operational oversight. The Department's ongoing conduct of the Lottery ~~through a management agreement with a private manager~~ shall act to promote and ensure the integrity, security, honesty, and fairness of the Lottery's operation and administration. ~~It is the intent of the General Assembly that the Department shall conduct the Lottery with the assistance of a private manager under a management agreement at all times in a manner consistent with 18 U.S.C. 1307(a)(1), 1307(b)(1), 1953(b)(4).~~

Beginning with Fiscal Year 2018 and every year thereafter, any moneys transferred from the Department ~~State Lottery Fund~~ to the Common School Fund shall be supplemental to, and not in lieu of, any other money due to be transferred to the Common School Fund by law or appropriation.

Beginning in Fiscal Year 2027 the Department shall begin to transition all roles and responsibilities of the private manager to the State. The Department shall have the authority to assume, manage, and extend any contractual relationships held by the private manager in the provision of services to the Department as necessary to facilitate and ensure a seamless transition. The Department shall have the authority to increase its headcount appropriately to assume role of the

private manager and shall complete the transition by the end of Fiscal Year 2029.
(Source: P.A. 101-81, eff. 7-12-19; 101-561, eff. 8-23-19; 102-558, eff. 8-20-21; 102-699, eff. 4-19-22.)

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

Sec. 3. For the purposes of this Act:

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

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

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

d. (Blank).

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

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

g. (Blank).

h. "Director" means the Director of the Department of the Lottery.

i. "Management agreement" means an agreement or contract between the Department on behalf of the State with a private manager, as an independent contractor, whereby the private manager provides management services to the Lottery in exchange for compensation ~~that may consist of, among other things, a fee for services and a performance-based bonus of no more than 5% of Lottery profits so long as the Department continues to exercise actual control over all significant business decisions made by the private manager~~ as set forth in Section 9.1.

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

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

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

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

(Source: P.A. 97-464, eff. 8-19-11; 98-499, eff. 8-16-13.)

(20 ILCS 1605/6) (from Ch. 120, par. 1156)

Sec. 6. There is hereby created an independent board to be known as the Lottery Control Board, consisting of 5 members, all of whom shall be citizens of the United States and residents of this State and shall be appointed by the Governor with the advice and consent of the Senate. No more than 3 of the 5 members shall be members of the same political party. A chairman of the Board shall be chosen annually from the membership of the Board by a majority of the members of the Board at the first meeting of the Board each fiscal year.

Initial members shall be appointed to the Board by the Governor as follows: one member to serve until July 1, 1974, and until his successor is appointed and qualified; 2 members to serve until July 1, 1975, and until their successors are appointed and qualified; 2 members to serve until July 1, 1976, and until their successors are appointed and qualified. As terms of members so appointed expire, their successors shall be appointed for terms to expire the first day in July 3 years thereafter, and until their successors are appointed and qualified.

Any vacancy in the Board occurring for any reason other than expiration of term, shall be filled for the unexpired term in the same manner as the original appointment.

Any member of the Board may be removed by the Governor for neglect of duty, misfeasance, malfeasance, or nonfeasance in office.

Board members shall receive as compensation for their services $100 for each day they are in attendance at any official board meeting, but in no event shall members receive more than $1,200 per year. They shall receive no other compensation for their services, but shall be reimbursed for necessary traveling and other reasonable expenses incurred in the performance of their official duties. Each member shall make a full financial disclosure upon appointment.

The Board shall hold at least one meeting each quarter of the fiscal year. In addition, special meetings may be called by the Chairman, any 2 Board members, or the Director of the Department, upon delivery of 72 hours' written notice to the office of each member. All Board meetings shall be open to the public pursuant to the Open Meetings Act.

Three members of the Board shall constitute a quorum, and 3 votes shall be required for any final determination by the Board. The Board may delegate to one or more of its members, the Director, or any agent or employee of the Department such powers and duties as it may deem proper. No vacancy in the membership of the Board shall impair the right of the members to exercise all the powers and perform all the duties of the Board. The Board shall keep a complete and accurate record of all its meetings.

(Source: P.A. 97-464, eff. 10-15-11; 98-499, eff. 8-16-13.)

(20 ILCS 1605/7.1) (from Ch. 120, par. 1157.1)

Sec. 7.1. The Department shall promulgate such rules and regulations governing the establishment and operation of a State lottery as it deems necessary to carry out the purposes of this Act. Such rules and regulations shall be subject to the provisions of The Illinois Administrative Procedure Act. The Department shall issue written game rules, play instructions, directives, operations manuals, brochures, or any other publications necessary to conduct specific games, as authorized by rule by the Department. Any written game rules, play instructions, directives, operations manuals, brochures, or other game publications issued by the Department that relate to a specific lottery game shall be maintained as a public record in the Department's principal office, and made available for public inspection and copying but shall be exempt from the rulemaking procedures of the Illinois Administrative Procedure Act. However, when such written materials contain any policy of general applicability, the Department shall formulate and adopt such policy as a rule in accordance with the provisions of the Illinois Administrative Procedure Act. ~~In addition, the Department shall publish each January in the Illinois Register a list of all game-specific rules, play instructions, directives, operations manuals, brochures, or other game-specific publications issued by the Department during the previous year and instructions concerning how the public may obtain copies of these materials from the Department.~~

(Source: P.A. 97-464, eff. 10-15-11.)

(20 ILCS 1605/7.8a) (from Ch. 120, par. 1157.8a)

Sec. 7.8a. The Board shall establish advertising policy to ensure that advertising content and practices do not target with the intent to exploit specific groups or economic classes of people, and that its content is accurate and not misleading. The Board shall review, at least quarterly, all past advertising for major media campaigns to ensure that they do not target with the intent to exploit specific groups or economic classes of people, and that their content is accurate and not misleading. If the Board finds that advertising conflicts with such policy, it shall have the authority to direct the Department to cease that advertising. The Director or his or her designee shall provide a briefing on proposed major media campaigns at any regularly scheduled meeting upon written request from any Board member. Such written request must be received by the Director at least 10 days prior to the regularly scheduled meeting.

The Board shall review and approve the Department's procurement policies and procedures and major procurements presented by the Department and amend or modify the terms of procurements recommended by the Director.

(Source: P.A. 98-499, eff. 8-16-13.)

(20 ILCS 1605/7.12)

(Section scheduled to be repealed on July 1, 2025)

Sec. 7.12. Internet program.

(a) The General Assembly finds that:

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

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

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

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

(b) The Department shall create a program that allows an individual 18 years of age or older to purchase lottery tickets or shares on the Internet without using a Lottery retailer with on-line status, as those terms are defined by rule. The Department shall restrict the sale of lottery tickets on the Internet to transactions initiated and received or otherwise made exclusively within the State of Illinois. The Department shall adopt rules necessary for the administration of this program. These rules shall include, among other things, requirements for marketing of the Lottery to infrequent players, as well as limitations on the purchases that may be made through any one individual's lottery account.

The provisions of this Act and the rules adopted under this Act shall apply to the sale of lottery tickets or shares under this program.

The Department is obligated to implement the program set forth in this Section and Sections 7.15 and 7.16. The Department may offer Lottery games ~~Lotto, Lucky Day Lotto, Mega Millions, Powerball, Pick 3, Pick 4, and other draw games that are offered at retail locations~~ through the Internet program. ~~The private manager shall obtain the Director's approval before providing any draw games. Any draw game tickets that are approved for sale by lottery licensees are automatically approved for sale through the Internet program.~~ The Department shall maintain responsible gaming controls in its policies.

~~The Department shall authorize the private manager to implement and administer the program pursuant to the management agreement entered into under Section 9.1 and in a manner consistent with the provisions of this Section. If a private manager has not been selected pursuant to Section 9.1 at the time the Department is obligated to implement the program, then the Department shall not proceed with the program until after the selection of the private manager, at which time the Department shall authorize the private manager to implement and administer the program pursuant to the management agreement entered into under Section 9.1 and in a manner consistent with the provisions of this Section.~~

Nothing in this Section shall be construed as prohibiting the Department from implementing and operating a website portal whereby individuals who are 18 years of age or older with an Illinois mailing address may apply to purchase lottery tickets via subscription. Nothing in this Section shall also be construed as prohibiting the Lottery draw game tickets authorized for sale through the Internet program under this Section from also continuing to be sold at retail locations by a lottery licensee pursuant to the Department's rules.

(c) (Blank).

(d) (Blank). ~~This Section is repealed on July 1, 2025.~~

(Source: P.A. 101-35, eff. 6-28-19; 102-699, eff. 4-19-22.)

(20 ILCS 1605/8.1) (from Ch. 120, par. 1158.1)

Sec. 8.1. Contracts for State Lottery tickets or shares or for other State Lottery game related services shall be obtained through the utilization of competitive negotiation procedures as defined by the Department and approved by the Board whenever practicable and shall be exempt from the Illinois Procurement Code. Approved procurement policies and procedures shall be posted on the Department's website and filed with the Illinois Procurement Policy Board. No contract shall have a term longer than 10 years, inclusive of renewals.

Exceptions to competitive bidding are allowed for:

(1) Small purchases $300,000 or less. This amount will be adjusted annually for inflation as determined by the

Consumer Price Index for All Urban Consumers as determined by the United States Department of Labor and rounded to the nearest $100.

(2) Sole source procurements.

(3) Emergency procurements.

The Department shall establish and adopt a policy that sets forth goals for utilization of businesses owned by minorities, women, and persons with disabilities for all contracts and services as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

(Source: P.A. 84-268.)

(20 ILCS 1605/9) (from Ch. 120, par. 1159)

Sec. 9. The Director, as administrative head of the Department, shall direct and supervise all its administrative and technical activities. In addition to the duties imposed upon him elsewhere in this Act, it shall be the Director's duty:

a. To supervise and administer the operation of the lottery in accordance with the provisions of this Act or such rules and regulations of the Department adopted thereunder.

b. To attend meetings of the Board or to appoint a designee to attend in his stead.

c. To employ and direct current and additional ~~such~~ personnel in accordance ~~accord~~ with the Personnel Code as

<u>well as a number of additional exempt personnel</u>, as may be necessary to carry out the purposes of this Act <u>and to facilitate the transition of responsibilities from the private manager to the State</u>. In addition, the Director may by agreement secure such services as he or she may deem necessary from any other department, agency, or unit of the State government, and may employ and compensate such consultants<u>, lottery professionals, service providers,</u> and technical assistants as may be required and is otherwise permitted by law.

d. To license, in accordance with the provisions of Sections 10 and 10.1 of this Act and the rules and regulations of the Department adopted thereunder, as agents to sell lottery tickets such persons as in his opinion will best serve the public convenience and promote the sale of tickets or shares. The Director may require a bond from every licensed agent, in such amount as provided in the rules and regulations of the Department. Every licensed agent shall prominently display his license, or a copy thereof, as provided in the rules and regulations of the Department.

e. To suspend or revoke any license issued pursuant to this Act or the rules and regulations promulgated by the Department thereunder.

f. To confer regularly as necessary or desirable and not less than once every month with the Lottery Control

Board on the operation and administration of the Lottery; to make available for inspection by the Board or any member of the Board, upon request, all books, records, files, and other information and documents of his office; to advise the Board and recommend such rules and regulations and such other matters as he deems necessary and advisable to improve the operation and administration of the lottery.

g. To enter into contracts for the operation of the lottery, or any part thereof, and into contracts for the promotion of the lottery on behalf of the Department with any person, firm or corporation, to perform any of the functions provided for in this Act or the rules and regulations promulgated thereunder. The Department shall not expend State funds on a contractual basis for such functions unless those functions and expenditures are expressly authorized by the General Assembly.

h. To enter into an agreement or agreements with the management of state lotteries operated pursuant to the laws of other states for the purpose of creating and operating a multi-state lottery game wherein a separate and distinct prize pool would be combined to award larger prizes to the public than could be offered by the several state lotteries, individually. No tickets or shares offered in connection with a multi-state lottery game shall be sold within the State of Illinois, except those offered by and through the Department. No such agreement shall purport to pledge the full faith and credit of the State of Illinois, nor shall the Department expend State funds on a contractual basis in connection with any such game unless such expenditures are expressly authorized by the General Assembly, provided, however, that in the event of error or omission by the Illinois State Lottery in the conduct of the game, as determined by the multi-state game directors, the Department shall be authorized to pay a prize winner or winners the lesser of a disputed prize or $1,000,000, any such payment to be made solely from funds appropriated for game prize purposes. The Department shall be authorized to share in the ordinary operating expenses of any such multi-state lottery game, from funds appropriated by the General Assembly, and in the event the multi-state game control offices are physically located within the State of Illinois, the Department is authorized to advance start-up operating costs not to exceed $150,000, subject to proportionate reimbursement of such costs by the other participating state lotteries. The Department shall be authorized to share proportionately in the costs of establishing a liability reserve fund from funds appropriated by the General Assembly. The Department is authorized to transfer prize award funds attributable to Illinois sales of multi-state lottery game tickets to the multi-state control office, or its designated depository, for deposit to such game pool account or accounts as may be established by the multi-state game directors, the records of which account or accounts shall be available at all times for inspection in an audit by the Auditor General of Illinois and any other auditors pursuant to the laws of the State of Illinois. No multi-state game prize awarded to a nonresident of Illinois, with respect to a ticket or share purchased in a state other than the State of Illinois, shall be deemed to be a prize awarded under this Act for the purpose of taxation under the Illinois Income Tax Act. The Department shall promulgate such rules as may be appropriate to implement the provisions of this Section.

i. To make a continuous study and investigation of (1) the operation and the administration of similar laws which may be in effect in other states or countries, (2) any literature on the subject which from time to time may be published or available, (3) any Federal laws which may affect the operation of the lottery, and (4) the reaction of Illinois citizens to existing and potential features of the lottery with a view to recommending or effecting changes that will tend to serve the purposes of this Act.

j. To report monthly to the State Treasurer and the Lottery Control Board a full and complete statement of lottery revenues, prize disbursements and other expenses for each month and the amounts to be transferred to the

Common School Fund pursuant to Section 7.2, and to make an annual report, which shall include a full and complete statement of lottery revenues, prize disbursements and other expenses, to the Governor and the Board. All reports required by this subsection shall be public and copies of all such reports shall be sent to the Speaker of the House, the President of the Senate, and the minority leaders of both houses.

k. To keep the name and municipality of residence of the prize winner of a prize of $250,000 or greater confidential upon the prize winner making a written request that his or her name and municipality of residence be kept confidential. The prize winner must submit his or her written request at the time of claiming the prize. The written request shall be in the form established by the Department. Nothing in this paragraph k supersedes the Department's duty to disclose the name and municipality of residence of a prize winner of a prize of $250,000 or greater pursuant to the Freedom of Information Act.

The powers conferred by this Act are in addition and supplemental to the powers conferred by any other law. If any other law or rule is inconsistent with this Section, including, but not limited to, provisions of the Illinois Procurement Code or Personnel Code, then this Section controls as to the Department's authority. This Section and any rules adopted under this Section contain full and complete authority of the Department to approve any contracts with a vendor providing goods or services to the Department and to hire the necessary personnel.

(Source: P.A. 99-933, eff. 1-27-17; 100-1068, eff. 8-24-18.)

(20 ILCS 1605/9.1)

Sec. 9.1. Private manager and management agreement.

(a) As used in this Section:

"Offeror" means a person or group of persons that responds to a request for qualifications under this Section.

"Request for qualifications" means all materials and documents prepared by the Department to solicit the following from offerors:

(1) Statements of qualifications.

(2) Proposals to enter into a management agreement, including the identity of any prospective vendor or vendors that the offeror intends to initially engage to assist the offeror in performing its obligations under the management agreement.

"Final offer" means the last proposal submitted by an offeror in response to the request for qualifications, including the identity of any prospective vendor or vendors that the offeror intends to initially engage to assist the offeror in performing its obligations under the management agreement.

"Final offeror" means the offeror ultimately selected by the Governor to be the private manager for the Lottery under subsection (h) of this Section.

(b) (Blank). ~~By September 15, 2010, the Governor shall select a private manager for the total management of the Lottery with integrated functions, such as lottery game design, supply of goods and services, and advertising and as specified in this Section.~~

(c) (Blank). ~~Pursuant to the terms of this subsection, the Department shall endeavor to expeditiously terminate the existing contracts in support of the Lottery in effect on July 13, 2009 (the effective date of Public Act 96-37) in connection with the selection of the private manager. As part of its obligation to terminate these contracts and select the private manager, the Department shall establish a mutually agreeable timetable to transfer the functions of existing contractors to the private manager so that existing Lottery operations are not materially diminished or impaired during the transition. To that end, the Department shall do the following:~~

~~(1) where such contracts contain a provision authorizing termination upon notice, the Department shall provide notice of termination to occur upon the mutually agreed timetable for transfer of functions;~~

~~(2) upon the expiration of any initial term or renewal term of the current Lottery contracts, the Department shall not renew such contract for a term extending beyond~~

~~the mutually agreed timetable for transfer of functions; or~~

~~(3) in the event any current contract provides for termination of that contract upon the implementation of a contract with the private manager, the Department shall perform all necessary actions to terminate the contract on the date that coincides with the mutually agreed timetable for transfer of functions.~~

~~If the contracts to support the current operation of the Lottery in effect on July 13, 2009 (the effective date of Public Act 96-34) are not subject to termination as provided for in this subsection (c), then the Department may include a provision in the contract with the private manager specifying a mutually agreeable methodology for incorporation.~~

(c-5) The Department shall include provisions in the management agreement whereby the private manager shall, for a fee, and pursuant to a contract negotiated with the Department (the "Employee Use Contract"), utilize the services of current Department employees to assist in the administration and operation of the Lottery. The Department shall be the employer of all such bargaining unit employees assigned to perform such work for the private manager, and such employees shall be State employees, as defined by the Personnel Code. Department employees shall operate under the same employment policies, rules, regulations, and procedures, as other employees of the Department. In addition, neither historical representation rights under the Illinois Public Labor Relations Act, nor existing collective bargaining agreements, shall be disturbed by the management agreement with the private manager for the management of the Lottery.

(d) The management agreement with the private manager shall include all of the following:

(1) A term not to exceed 10 years, including any renewals.

(2) A provision specifying that the Department:

(A) shall exercise actual control over all significant business decisions;

(A-5) has the authority to direct or countermand operating decisions by the private manager at any time;

(B) has ready access at any time to information regarding Lottery operations;

(C) has the right to demand and receive information from the private manager concerning any aspect of the Lottery operations at any time; and

(D) retains ownership of all trade names, trademarks, and intellectual property associated with the Lottery.

(3) A provision imposing an affirmative duty on the private manager to provide the Department with material information and with any information the private manager reasonably believes the Department would want to know to

enable the Department to conduct the Lottery.

(4) A provision requiring the private manager to provide the Department with advance notice of any operating decision that bears significantly on the public interest, including, but not limited to, decisions on the kinds of games to be offered to the public and decisions affecting the relative risk and reward of the games being offered, so the Department has a reasonable opportunity to evaluate and countermand that decision.

(5) A provision providing for compensation of the private manager ~~that may consist of, among other things, a fee for services and a performance based bonus as consideration for managing the Lottery, including terms that may provide the private manager with an increase in compensation if Lottery revenues grow by a specified percentage in a given year~~.

(6) (Blank).

(7) A provision requiring the deposit of all Lottery proceeds to be deposited into the State Lottery Fund except as otherwise provided in Section 20 of this Act.

(8) A provision requiring the private manager to locate its principal office within the State.

(8-5) A provision encouraging that pursuant to Section 4 of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, ~~at least 20% of the cost of~~ contracts entered into for goods and services by the private manager in connection with its management of the Lottery, other than contracts with sales agents or technical advisors, be awarded to businesses that are a minority-owned business, a women-owned business, or a business owned by a person with disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

(9) A requirement that so long as the private manager complies with all the conditions of the agreement under the oversight of the Department, the private manager shall have the following duties and obligations with respect to the management of the Lottery:

(A) The right to use equipment and other assets used in the operation of the Lottery.

(B) The rights and obligations under contracts with retailers and vendors.

(C) The implementation of a comprehensive security program by the private manager.

(D) The implementation of a comprehensive system of internal audits.

(E) The implementation of a program by the private manager to curb compulsive gambling by persons playing the Lottery.

(F) A system for determining (i) the type of Lottery games, (ii) the method of selecting winning tickets, (iii) the manner of payment of prizes to holders of winning tickets, (iv) the frequency of drawings of winning tickets, (v) the method to be used in selling tickets, (vi) a system for verifying the validity of tickets claimed to be winning tickets, (vii) the basis upon which retailer commissions are established by the manager, and (viii) minimum payouts.

(10) A requirement that advertising and promotion must be consistent with Section 7.8a of this Act.

(11) A requirement that the private manager market the Lottery to those residents who are new, infrequent, or lapsed players of the Lottery, especially those who are most likely to make regular purchases on the Internet as permitted by law.

(12) A code of ethics for the private manager's officers and employees.

(13) A requirement that the Department monitor and oversee the private manager's practices and take action that the Department considers appropriate to ensure that the private manager is in compliance with the terms of the management agreement, while allowing the manager, unless specifically prohibited by law or the management agreement, to negotiate and sign its own contracts with vendors.

(14) A provision requiring the private manager to periodically file, at least on an annual basis,

appropriate financial statements in a form and manner acceptable to the Department.

(15) Cash reserves requirements.

(16) Procedural requirements for obtaining the prior approval of the Department when a management agreement or an interest in a management agreement is sold, assigned, transferred, or pledged as collateral to secure financing.

(17) Grounds for the termination of the management agreement by the Department or the private manager.

(18) Procedures for amendment of the agreement.

(19) A provision requiring the private manager to engage in an open and competitive bidding process for any procurement having a cost in excess of <u>the small purchase limits under Section 20-20 of the Illinois Procurement Code</u> ~~$50,000~~ that is not a part of the private manager's final offer. The process shall favor the selection of a vendor deemed to have submitted a proposal that provides the Lottery with the best overall value. The process shall not be subject to the provisions of the Illinois Procurement Code, unless specifically required by the management agreement.

(20) The transition of rights and obligations, including any associated equipment or other assets used in the operation of the Lottery, from the manager to any successor manager of the lottery, including the Department, following the termination of or foreclosure

upon the management agreement.

(21) Right of use of copyrights, trademarks, and service marks held by the Department in the name of the State. The agreement must provide that any use of them by the manager shall only be for the purpose of fulfilling its obligations under the management agreement during the term of the agreement.

(22) The disclosure of any information requested by the Department to enable it to comply with the reporting requirements and information requests provided for under subsection (p) of this Section.

(e) Notwithstanding any other law to the contrary, the Department shall select a private manager through a competitive request for qualifications process consistent with Section 20-35 of the Illinois Procurement Code, which shall take into account:

(1) the offeror's ability to market the Lottery to those residents who are new, infrequent, or lapsed players of the Lottery, especially those who are most likely to make regular purchases on the Internet;

(2) the offeror's ability to address the State's concern with the social effects of gambling on those who can least afford to do so;

(3) the offeror's ability to provide the most successful management of the Lottery for the benefit of the people of the State based on current and past business

practices or plans of the offeror; and

(4) the offeror's poor or inadequate past performance in servicing, equipping, operating or managing a lottery on behalf of Illinois, another State or foreign government and attracting persons who are not currently regular players of a lottery.

(f) The Department may retain the services of an advisor or advisors with significant experience in financial services or the management, operation, and procurement of goods, services, and equipment for a government-run lottery to assist in the preparation of the terms of the request for qualifications and selection of the private manager. Any prospective advisor seeking to provide services under this subsection (f) shall disclose any material business or financial relationship during the past 3 years with any potential offeror, or with a contractor or subcontractor presently providing goods, services, or equipment to the Department to support the Lottery. The Department shall evaluate the material business or financial relationship of each prospective advisor. The Department shall not select any prospective advisor with a substantial business or financial relationship that the Department deems to impair the objectivity of the services to be provided by the prospective advisor. During the course of the advisor's engagement by the Department, and for a period of one year thereafter, the advisor shall not enter into any business or financial relationship with any offeror or any vendor identified to assist an offeror in performing its obligations under the management agreement. Any advisor retained by the Department shall be disqualified from being an offeror. The Department shall not include terms in the request for qualifications that provide a material advantage whether directly or indirectly to any potential offeror, or any contractor or subcontractor presently providing goods, services, or equipment to the Department to support the Lottery, including terms contained in previous responses to requests for proposals or qualifications submitted to Illinois, another State or foreign government when those terms are uniquely associated with a particular potential offeror, contractor, or subcontractor. The request for proposals offered by the Department on December 22, 2008 as "LOT08GAMESYS" and reference number "22016176" is declared void.

(g) ~~The Department shall select at least 2 offerors as finalists to potentially serve as the private manager no later than August 9, 2010.~~ Upon making preliminary selections, the Department shall schedule a public hearing on the finalists' proposals and provide public notice of the hearing at least 7 calendar days before the hearing. The notice must include all of the following:

(1) The date, time, and place of the hearing.

(2) The subject matter of the hearing.

(3) A brief description of the management agreement to

be awarded.

(4) The identity of the offerors that have been selected as finalists to serve as the private manager.

(5) The address and telephone number of the Department.

(h) At the public hearing, the Department shall (i) provide sufficient time for each finalist to present and explain its proposal to the Department and the Governor or the Governor's designee, including an opportunity to respond to questions posed by the Department, Governor, or designee and (ii) allow the public and non-selected offerors to comment on the presentations. The Governor or a designee shall attend the public hearing. After the public hearing, the Department shall have 14 calendar days to recommend to the Governor whether a management agreement should be entered into with a particular finalist. After reviewing the Department's recommendation, the Governor may accept or reject the Department's recommendation, and shall select a final offeror as the private manager by publication of a notice in the Illinois Procurement Bulletin ~~on or before September 15, 2010~~. The Governor shall include in the notice a detailed explanation and the reasons why the final offeror is superior to other offerors and will provide management services in a manner that best achieves the objectives of this Section. The Governor shall also sign the management agreement with the private manager.

(i) Any action to contest the private manager selected by the Governor under this Section must be brought within 7 calendar days after the publication of the notice of the designation of the private manager as provided in subsection (h) of this Section.

(j) The Lottery shall remain, for so long as a private manager manages the Lottery in accordance with provisions of this Act, a Lottery conducted by the State, and the State shall not be authorized to sell or transfer the Lottery to a third party.

(k) Any tangible personal property used exclusively in connection with the lottery that is owned by the Department and leased to the private manager shall be owned by the Department in the name of the State and shall be considered to be public property devoted to an essential public and governmental function.

(l) The Department may exercise any of its powers under this Section or any other law as necessary or desirable for the execution of the Department's powers under this Section.

(m) Neither this Section nor any management agreement entered into under this Section prohibits the General Assembly from authorizing forms of gambling that are not in direct competition with the Lottery. The forms of gambling authorized by Public Act 101-31 constitute authorized forms of gambling that are not in direct competition with the Lottery.

(n) The private manager shall be subject to a complete investigation in the third, seventh, and tenth years of the agreement (if the agreement is for a 10-year term) by the Department in cooperation with the Auditor General to determine whether the private manager has complied with this Section and the management agreement. The private manager shall bear the cost of an investigation or reinvestigation of the private manager under this subsection.

(o) The powers conferred by this Section are in addition and supplemental to the powers conferred by any other law. If any other law or rule is inconsistent with this Section, including, but not limited to, provisions of the Illinois Procurement Code, then this Section controls as to any management agreement entered into under this Section. This Section and any rules adopted under this Section contain full and complete authority for a management agreement between the Department and a private manager. No law, procedure, proceeding, publication, notice, consent, approval, order, or act by the Department or any other officer, Department, agency, or instrumentality of the State or any political subdivision is required for the Department to enter into a management agreement under this Section. This Section contains full and complete authority for the Department to approve any contracts entered into by a private manager with a vendor providing goods, services, or both goods and services to the private manager under the terms of the management agreement, including subcontractors of such vendors.

Upon receipt of a written request from the Chief

Procurement Officer, the Department shall provide to the Chief Procurement Officer a complete and un-redacted copy of the management agreement or any contract that is subject to the Department's approval authority under this subsection (o). The Department shall provide a copy of the agreement or contract to the Chief Procurement Officer in the time specified by the Chief Procurement Officer in his or her written request, but no later than 5 business days after the request is received by the Department. The Chief Procurement Officer must retain any portions of the management agreement or of any contract designated by the Department as confidential, proprietary, or trade secret information in complete confidence pursuant to subsection (g) of Section 7 of the Freedom of Information Act. The Department shall also provide the Chief Procurement Officer with reasonable advance written notice of any contract that is pending Department approval.

Notwithstanding any other provision of this Section to the contrary, the Chief Procurement Officer shall adopt administrative rules, including emergency rules, to establish a procurement process to select a successor private manager if a private management agreement has been terminated. The selection process shall at a minimum take into account the criteria set forth in items (1) through (4) of subsection (e) of this Section and may include provisions consistent with subsections (f), (g), (h), and (i) of this Section. The Chief Procurement Officer shall also implement and administer the adopted selection process upon the termination of a private management agreement. The Department, after the Chief Procurement Officer certifies that the procurement process has been followed in accordance with the rules adopted under this subsection (o), shall select a final offeror as the private manager and sign the management agreement with the private manager.

Through June 30, 2022, except as provided in Sections 21.5, 21.6, 21.7, 21.8, 21.9, 21.10, 21.11, 21.12, and 21.13 of this Act ~~and Section 25-70 of the Sports Wagering Act~~, the Department shall distribute all proceeds of lottery tickets and shares sold in the following priority and manner:

(1) The payment of prizes and retailer bonuses.

(2) The payment of costs incurred in the operation and administration of the Lottery~~, including the payment of sums due to the private manager under the management agreement with the Department~~.

(3) On the last day of each month or as soon thereafter as possible, the State Comptroller shall direct and the State Treasurer shall transfer from the State Lottery Fund to the Common School Fund an amount that is equal to the proceeds transferred in the corresponding month of fiscal year 2009, as adjusted for inflation, to the Common School Fund.

(4) On or before September 30 of each fiscal year, deposit any estimated remaining proceeds from the prior

fiscal year, subject to payments under items (1), (2), and (3), into the Capital Projects Fund. Beginning in fiscal year 2019, the amount deposited shall be increased or decreased each year by the amount the estimated payment differs from the amount determined from each year-end financial audit. Only remaining net deficits from prior fiscal years may reduce the requirement to deposit these funds, as determined by the annual financial audit.

Beginning July 1, 2022, the Department shall distribute all proceeds of lottery tickets and shares sold in the manner and priority described in Section 9.3 of this Act, except that the Department shall make the deposit into the Capital Projects Fund that would have occurred under item (4) of this subsection (o) on or before September 30, 2022, but for the changes made to this subsection by Public Act 102-699.

(p) The Department shall be subject to the following reporting and information request requirements:

(1) the Department shall submit written quarterly reports to the Governor and the General Assembly on the activities and actions of the private manager selected under this Section;

(2) upon request of the Chief Procurement Officer, the Department shall promptly produce information related to the procurement activities of the Department and the private manager requested by the Chief Procurement Officer; the Chief Procurement Officer must retain

confidential, proprietary, or trade secret information designated by the Department in complete confidence pursuant to subsection (g) of Section 7 of the Freedom of Information Act; and

(3) at least 30 days prior to the beginning of the Department's fiscal year, the Department shall prepare an annual written report on the activities of the private manager selected under this Section and deliver that report to the Governor and General Assembly.

(Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19; 101-561, eff. 8-23-19; 102-558, eff. 8-20-21; 102-699, eff. 4-19-22; 102-1115, eff. 1-9-23.)

(20 ILCS 1605/9.3)

Sec. 9.3. Expenditure and distribution of lottery proceeds.

(a) Beginning July 1, 2022, except as provided in Sections 21.4, 21.5, 21.6, 21.7, 21.8, 21.9, 21.10, 21.11, 21.13, 21.15, and 21.16 of this Law ~~and Section 25-70 of the Sports Wagering Act~~, the Department shall distribute all proceeds of lottery tickets and shares sold in the following priority and manner:

(1) The payment of prizes and retailer bonuses.

(2) The payment of costs incurred in the operation and administration of the Lottery~~, including the payment of sums due to the private manager under the management~~

~~agreement with the Department and including costs of administering the Lottery sports wagering program pursuant to Section 25-70 of the Sports Wagering Act~~.

(3) On the last day of each month or as soon thereafter as possible, the State Comptroller shall direct and the State Treasurer shall transfer from the State Lottery Fund to the Common School Fund the Department's estimate of net lottery proceeds.

(4) If an amount in excess of the annual net lottery proceeds is transferred for a fiscal year, then the Department shall offset the monthly transfers of estimated net lottery proceeds during the following fiscal year by that excess amount. If an amount less than the annual net lottery proceeds is transferred for a fiscal year, then after the related annual fiscal year audit is completed following such fiscal year, the Department shall direct the deposit of any remaining annual net lottery proceeds from such fiscal year, subject to payments under paragraphs (1) and (2), into the Common School Fund as soon thereafter as possible.

(b) The net lottery proceeds shall be determined by deducting from total annual lottery proceeds the expenditures required by paragraphs (1) and (2) of subsection (a). The total annual lottery proceeds and annual net lottery proceeds shall be determined according to generally accepted accounting principles for governmental entities and verified by an annual fiscal year audit.

(Source: P.A. 102-699, eff. 4-19-22; 103-381, eff. 7-28-23.)

(20 ILCS 1605/10.1) (from Ch. 120, par. 1160.1)

Sec. 10.1. The following are ineligible for any license under this Act:

(a) any person who has been convicted of a felony;

(b) any person who is or has been a professional gambler or gambling promoter;

(c) any person who has engaged in bookmaking or other forms of illegal gambling;

(d) any person who is not of good character and reputation in the community in which he resides;

(e) any person who has been found guilty of any fraud or misrepresentation in any connection;

(f) any firm or corporation in which a person defined in (a), (b), (c), (d) or (e) has a proprietary, equitable or credit interest of 5% or more.

(g) any organization in which a person defined in item (a), (b), (c), (d) or (e) is an officer, director, or managing agent, whether compensated or not; and

(h) any organization in which a person defined in item ~~(a), (b),~~ (c)~~, (d),~~ or (e) is to participate in the management or sales of lottery tickets or shares.

However, with respect to persons defined in item (a), the Department may grant any such person a license under this Act when:

1) at least 10 years have elapsed since the date when the sentence for the most recent such conviction was satisfactorily completed;

2) the applicant has no history of criminal activity subsequent to such conviction;

3) the applicant has complied with all conditions of probation, conditional discharge, supervision, parole or mandatory supervised release; and

4) the applicant presents at least 3 letters of recommendation from responsible citizens in his community who personally can attest that the character and attitude of the applicant indicate that he is unlikely to commit another crime.

The Department may revoke, without notice or a hearing, the license of any agent who violates this Act or any rule or regulation promulgated pursuant to this Act. However, if the Department does revoke a license without notice and an opportunity for a hearing, the Department shall, by appropriate notice, afford the person whose license has been revoked an opportunity for a hearing within 30 days after the revocation order has been issued. As a result of any such hearing, the Department may confirm its action in revoking the license, or it may order the restoration of such license.

(Source: P.A. 97-464, eff. 10-15-11.)

(20 ILCS 1605/10.6) (from Ch. 120, par. 1160.6)

Sec. 10.6. The Department shall make an effort to more directly inform players of the odds of winning prizes by publishing the information for all games on the Department's public website. ~~This effort shall include, at a minimum, that the Department require all ticket agents to display a placard stating the odds of winning for each game offered by that agent.~~

(Source: P.A. 97-464, eff. 10-15-11.)

(20 ILCS 1605/13.1)

Sec. 13.1. Assignment of prizes payable in installments.

(a) The right of any person to receive payments from the original prize issued by the Department ~~under a prize~~ that is paid in installments over time by the Department may be voluntarily assigned once, in whole or in part, if the assignment is made to a person or entity designated pursuant to an order of a court of competent jurisdiction located in the judicial circuit where the assigning prize winner resides or where the headquarters of the Department is located. A court may issue an order approving a voluntary assignment and directing the Department to make prize payments in whole or in part to the designated assignee, if the court finds that all of the following conditions have been met:

(1) The assignment is in writing, is executed by the assignor, and is, by its terms, subject to the laws of this

State.

(2) The purchase price being paid for the payments being assigned represents a present value of the payments being assigned, discounted at an annual rate that does not exceed 10 percentage points over the Wall Street Journal prime rate published on the business day prior to the date of execution of the contract.

(3) The contract of assignment expressly states that the assignor has 3 business days after the contract was signed to cancel the assignment.

(4) The assignor provides a sworn affidavit attesting that he or she:

(i) is of sound mind, is in full command of his or her faculties, and is not acting under duress;

(ii) has been advised regarding the assignment by his or her own independent legal counsel, who is unrelated to and is not being compensated by the assignee or any of the assignee's affiliates, and has received independent financial or tax advice concerning the effects of the assignment from a lawyer or other professional who is unrelated to and is not being compensated by the assignee or any of the assignee's affiliates;

(iii) understands that he or she will not receive the prize payments or portions thereof for the years assigned;

(iv) understands and agrees that, with regard to the assigned payments, the Department and its officials and employees will have no further liability or responsibility to make the assigned payments to him or her;

(v) has been provided with a one-page written disclosure statement setting forth, in bold type of not less than 14 points, the payments being assigned, by amounts and payment dates; the purchase price being paid; the rate of discount to present value, assuming daily compounding and funding on the contract date; and the amount, if any, of any origination or closing fees that will be charged to him or her; and

(vi) was advised in writing, at the time he or she signed the assignment contract, that he or she had the right to cancel the contract, without any further obligation, within 3 business days following the date on which the contract was signed.

(5) Written notice of the proposed assignment and any court hearing concerning the proposed assignment is provided to the Department's counsel at least 30 days prior to any court hearing. The Department is not required to appear in or be named as a party to any such action seeking judicial confirmation of an assignment under this Section, but may intervene as of right in any such proceeding.

(b) A certified copy of a court order approving a voluntary assignment must be provided to the Department no later than 30 days before the date on which the payment is to be made.

(c) A court order obtained pursuant to this Section, together with all such prior orders, shall not require the Department to divide any single prize payment among more than 3 different persons. Nothing in this Section shall prohibit substituting assignees as long as there are no more than 3 assignees at any one time for any one prize payment.

(d) If a husband and wife are co-owners of a prize, any assignment of the prize must be made jointly.

(e) A voluntary assignment may not include portions of payments that are subject to offset on account of a defaulted or delinquent child support obligation, non-wage garnishment, or criminal restitution obligation or on account of a debt owed to a State agency. Each court order issued under subsection (a) shall provide that any delinquent child support or criminal restitution obligations of the assigning prize winner and any debts owed to a State agency by the assigning prize winner, as of the date of the court order, shall be set off by the Department first against remaining payments or portions thereof due the prize winner and then against payments due the assignee.

(f) The Department and its respective officials and employees shall be discharged of all liability upon payment of an assigned prize under this Section. The assignor and assignee shall hold harmless and indemnify the Department, the State of Illinois, and its employees and agents from all claims, actions, suits, complaints, and liabilities related to the assignment.

(g) The Department may establish a reasonable fee to defray any administrative expenses associated with assignments made under this Section, including the cost to the Department of any processing fee that may be imposed by a private annuity provider. The fee amount shall reflect the direct and indirect costs associated with processing assignments.

(h) If at any time the Internal Revenue Service or a court of competent jurisdiction issues a determination letter, revenue ruling, other public ruling of the Internal Revenue Service, or published decision to the Department or to any lottery prize winner declaring that the voluntary assignment of prizes will affect the federal income tax treatment of prize winners who do not assign their prizes, the Department shall immediately file a copy of that letter, ruling, or published decision with the Attorney General, the Secretary of State, and the Administrative Office of the Illinois Courts. A court may not issue an order authorizing a voluntary assignment under this Section after the date any such ruling, letter, or published decision is filed.

(i) A contract of assignment in which the assignor is a lottery winner shall include a sworn affidavit from the assignee. The form of the affidavit shall be established by the Department and shall include:

(1) a summary of assignee contacts with the winner;

(2) a summary of any lawsuits, claims, and other legal actions from lottery winners regarding conduct of the assignee or its agents;

(3) a statement that the assignee is in good standing in its state of domicile and with any other licensing or regulatory agency as may be required in the conduct of its business;

(4) a brief business history of the assignee;

(5) a statement describing the nature of the business of the assignee; and

(6) a statement of the assignee's privacy and non-harassment policies and express affirmation that the assignee has followed those policies in Illinois.

(j) The assignee shall notify the Department of its business location and mailing address for payment purposes during the entire course of the assignment.

(Source: P.A. 93-465, eff. 1-1-04.)

(20 ILCS 1605/19) (from Ch. 120, par. 1169)

Sec. 19. The Department shall establish an appropriate period for the claiming of prizes for each lottery game offered. Each claim period shall be stated in game rules and written play instructions issued by the Director in accordance with Section 7.1 of this Act. Written play instructions shall be made available on the Department's public website or by the Department by request ~~to all players through sales agents licensed to sell game tickets or shares~~. Prizes for lottery games which involve the purchase of a physical lottery ticket may be claimed only by presentation of a valid winning lottery ticket that matches validation records on file with the Lottery; no claim may be honored which is based on the assertion that the ticket was lost or stolen. No lottery ticket which has been altered, mutilated, or fails to pass validation tests shall be deemed to be a winning ticket.

If no claim is made for the money within the established claim period, the prize may be included in the prize pool of such special drawing or drawings as the Department may, from time to time, designate. Unclaimed multi-state game prize money may be included in the multi-state prize pool for such special drawing or drawings as the multi-state game directors may, from time to time, designate. Any bonuses offered by the Department to sales agents who sell winning tickets or shares shall be payable to such agents regardless of whether or not the prize money on the ticket or share is claimed, provided that the agent can be identified as the vendor of the winning ticket or share, and that the winning ticket or share was sold on or after January 1, 1984. All unclaimed prize money not included in the prize pool of a special drawing shall be transferred to the Common School Fund.

(Source: P.A. 97-464, eff. 10-15-11; 98-499, eff. 8-16-13.)

(20 ILCS 1605/20) (from Ch. 120, par. 1170)

Sec. 20. State Lottery Fund.

(a) There is created in the State Treasury a special fund to be known as the State Lottery Fund. Such fund shall consist of all revenues received from (1) the sale of lottery tickets or shares, (net of commissions, fees representing those expenses that are directly proportionate to the sale of tickets or shares at the agent location, and prizes of ~~less than~~ $600 or less which have been validly paid at the agent level), (2) application fees, and (3) all other sources including moneys credited or transferred thereto from any other fund or source pursuant to law. Interest earnings of the State Lottery Fund shall be credited to the Common School Fund.

(a-5) The receipt and distribution of moneys under Section 21.4 of this Act shall be in accordance with Section 21.4.

(b) The receipt and distribution of moneys under Section 21.5 of this Law shall be in accordance with Section 21.5.

(c) The receipt and distribution of moneys under Section 21.6 of this Law shall be in accordance with Section 21.6.

(d) The receipt and distribution of moneys under Section 21.7 of this Law shall be in accordance with Section 21.7.

(e) The receipt and distribution of moneys under Section 21.8 of this Law shall be in accordance with Section 21.8.

(f) The receipt and distribution of moneys under Section 21.9 of this Law shall be in accordance with Section 21.9.

(g) The receipt and distribution of moneys under Section 21.10 of this Law shall be in accordance with Section 21.10.

(h) The receipt and distribution of moneys under Section 21.11 of this Law shall be in accordance with Section 21.11.

(i) (Blank).

(j) The receipt and distribution of moneys under Section 21.13 of this Law shall be in accordance with Section 21.13.

(k) (Blank). ~~The receipt and distribution of moneys under Section 25-70 of the Sports Wagering Act shall be in accordance with Section 25-70 of the Sports Wagering Act.~~

(l) The receipt and distribution of moneys under Section 21.15 of this Law shall be in accordance with Section 21.15.

(m) The receipt and distribution of moneys under Section 21.16 of this Law shall be in accordance with Section 21.16.

(Source: P.A. 102-16, eff. 6-17-21; 103-381, eff. 7-28-23.)

(20 ILCS 1605/20.1) (from Ch. 120, par. 1170.1)

Sec. 20.1. Department account.

(a) The Department is authorized to pay validated prizes, retailer commissions, and bonuses and costs incurred in the operation and administration of the Lottery ~~up to $25,000~~ from funds held by the Department in an account separate and apart from all public moneys of the State. Moneys in this account shall be administered by the Director exclusively for the purposes ~~of issuing payments to prize winners~~ authorized by this Section. ~~Moneys in this account shall be deposited by the Department into the Public Treasurers' Investment Pool established under Section 17 of the State Treasurer Act. The Department shall submit vouchers from time to time as needed for reimbursement of this account from moneys appropriated for prizes from the State Lottery Fund.~~ Investment income earned from this account shall be deposited monthly by the Department into the Common School Fund. The Department shall file quarterly fiscal reports specifying the activity of this account as required under Section 16 of the State Comptroller Act, and shall file quarterly with the General Assembly, the Auditor General, the Comptroller, and the State Treasurer a report indicating the costs associated with this activity.

(b) The Department is authorized to enter into an interagency agreement with the Office of the Comptroller or any other State agency to establish responsibilities, duties, and procedures for complying with the Comptroller's Offset System under Section 10.05 of the State Comptroller Act. All federal and State tax reporting and withholding requirements relating to prize winners under this Section shall be the responsibility of the Department. ~~Moneys from this account may not be used to pay amounts to deferred prize winners.~~ Moneys may not be transferred from the State Lottery Fund to this account for payment of prizes under this Section until procedures are implemented to comply with the Comptroller's

Offset System and sufficient internal controls are in place to validate prizes.

(Source: P.A. 97-464, eff. 10-15-11; 98-499, eff. 8-16-13.)

(20 ILCS 1605/24) (from Ch. 120, par. 1174)

Sec. 24. The State Comptroller shall conduct a preaudit of all accounts and transactions of the Department in connection with the operation of the State Lottery under the State Comptroller Act, excluding payments issued by the Department as referenced in Section 20.1 ~~for prizes of $25,000 or less~~.

The Auditor General or a certified public accountant firm appointed by him shall conduct an annual post-audit of all accounts and transactions of the Department in connection with the operation of the State Lottery and other special post audits as the Auditor General, the Legislative Audit Commission, or the General Assembly deems necessary. The annual post-audits shall include payments made by lottery sales agents of prizes of less than $600 authorized under Section 20, and payments made by the Department of prizes ~~up to $25,000~~ authorized under Section 20.1. The Auditor General or his agent conducting an audit under this Act shall have access and authority to examine any and all records of the Department or the Board, its distributing agents and its licensees.

(Source: P.A. 94-776, eff. 5-19-06.)

(20 ILCS 1605/27) (from Ch. 120, par. 1177)

Sec. 27. (a) The Department ~~State Treasurer~~ may~~, with the consent of the Director,~~ contract with any person or corporation, including, without limitation, a bank, banking house, trust company or investment banking firm, to perform such financial functions, activities or services in connection with operation of the lottery. The State Treasurer may, with the consent of the Director, act as an agent of the Department to perform the financial functions as the ~~State Treasurer and the~~ Director may prescribe.

(b) All proceeds from investments made pursuant to contracts executed by the Department or the State Treasurer, with the consent of the Director, to perform financial functions, activities or services in connection with operation of the lottery, shall be deposited and held ~~by the State Treasurer as ex-officio custodian thereof,~~ separate and apart from all public money or funds of this State in a special trust fund outside the State treasury. Such trust fund shall be known as the "Deferred Lottery Prize Winners Trust Fund", and shall be administered by the Director.

~~The Director shall, at such times and in such amounts as shall be necessary, prepare and send to the State Comptroller vouchers requesting payment from the Deferred Lottery Prize Winners Trust Fund to deferred prize winners, in a manner that will insure the timely payment of such amounts owed.~~

This Act shall constitute an irrevocable appropriation of all amounts necessary for that purpose, and the irrevocable and continuing authority for and direction to the Director and the State Treasurer to make the necessary payments out of such trust fund for that purpose.

(c) Moneys invested pursuant to subsection (a) of this Section may be invested only in bonds, notes, certificates of indebtedness, treasury bills, or other securities constituting direct obligations of the United States of America and all securities or obligations the prompt payment of principal and interest of which is guaranteed by a pledge of the full faith and credit of the United States of America. Interest earnings on moneys in the Deferred Lottery Prize Winners Trust Fund shall remain in such fund and be used to pay the winners of lottery prizes deferred as to payment until such obligations are discharged. Proceeds from bonds purchased and interest accumulated as a result of a grand prize multi-state game ticket that goes unclaimed will be transferred after the termination of the relevant claim period directly from the lottery's Deferred Lottery Prize Winners Trust Fund to each respective multi-state partner state according to its contribution ratio.

(c-5) If a deferred lottery prize is not claimed within the claim period established by game rule, then the securities or other instruments purchased to fund the prize shall be liquidated and the liquidated amount shall be transferred to the State Lottery Fund for disposition pursuant to Section 19 of this Act.

(c-10) The Director may use a portion of the moneys in the Deferred Lottery Prize Winners Trust Fund to purchase bonds to pay a lifetime prize if the prize duration exceeds the length of available securities. If the winner of a lifetime prize exceeds his or her life expectancy as determined using actuarial assumptions and the securities or moneys set aside to pay the prize have been exhausted, moneys in the State Lottery Fund shall be used to make payments to the winner for the duration of the winner's life.

(c-15) From time to time, the Director may request that the State Comptroller transfer any excess moneys in the Deferred Lottery Prize Winners Trust Fund to the State Lottery Fund.

(d) This amendatory Act of 1985 shall be construed liberally to effect the purposes of the Illinois Lottery Law.

(Source: P.A. 97-464, eff. 10-15-11; 98-463, eff. 8-16-13; 98-499, eff. 8-16-13.)

(20 ILCS 1605/10.8 rep.)

Section 10. The Illinois Lottery Law is amended by repealing Section 10.8.".