

101ST GENERAL ASSEMBLY State of Illinois 2019 and 2020 SB1752

Introduced 2/15/2019, by Sen. Dave Syverson

SYNOPSIS AS INTRODUCED:

5 ILCS 430/5-45 230 ILCS 10/5

from Ch. 120, par. 2405

Amends the State Officials and Employees Ethics Act. Prohibits employees of the Illinois Gaming Board and certain family members from being employed by or receiving any type of compensation from a person or entity licensed by the Board, including a person or entity that contracts with such a licensee, within one year after leaving employment with the Board. Amends the Riverboat Gambling Act. Prohibits a Board member and individuals with certain relationships with a Board member from being an employee of or having a contractual relationship with a gambling operation subject to the jurisdiction of the Board, including video gaming. Provides that if a member violates the prohibition, it is grounds for removal from the Board by the Governor. Prohibits a Board employee and individuals with certain relationships with a Board employee from being an employee of or having a contractual relationship with a gambling operation subject to the jurisdiction of the Board, including video gaming.

LRB101 07415 SMS 52455 b

1 AN ACT concerning gaming.

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

- Section 5. The State Officials and Employees Ethics Act is amended by changing Section 5-45 as follows:
- 6 (5 ILCS 430/5-45)

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- 7 Sec. 5-45. Procurement; revolving door prohibition.
- (a) No former officer, member, or State employee, or spouse 8 9 or immediate family member living with such person, shall, within a period of one year immediately after termination of 10 State employment, knowingly accept employment or receive 11 compensation or fees for services from a person or entity if 12 the officer, member, or State employee, during the year 13 14 immediately preceding termination of State employment, participated personally and substantially in the award of State 15 contracts, or the issuance of State contract change orders, 16 with a cumulative value of \$25,000 or more to the person or 17 entity, or its parent or subsidiary. 18
 - (b) No former officer of the executive branch or State employee of the executive branch with regulatory or licensing authority, or spouse or immediate family member living with such person, shall, within a period of one year immediately after termination of State employment, knowingly accept

- employment or receive compensation or fees for services from a person or entity if the officer or State employee, during the year immediately preceding termination of State employment, participated personally and substantially in making a regulatory or licensing decision that directly applied to the person or entity, or its parent or subsidiary.
 - (c) Within 6 months after the effective date of this amendatory Act of the 96th General Assembly, each executive branch constitutional officer and legislative leader, the Auditor General, and the Joint Committee on Legislative Support Services shall adopt a policy delineating which State positions under his or her jurisdiction and control, by the nature of their duties, may have the authority to participate personally and substantially in the award of State contracts or in regulatory or licensing decisions. The Governor shall adopt such a policy for all State employees of the executive branch not under the jurisdiction and control of any other executive branch constitutional officer.

The policies required under subsection (c) of this Section shall be filed with the appropriate ethics commission established under this Act or, for the Auditor General, with the Office of the Auditor General.

(d) Each Inspector General shall have the authority to determine that additional State positions under his or her jurisdiction, not otherwise subject to the policies required by subsection (c) of this Section, are nonetheless subject to the

- notification requirement of subsection (f) below due to their involvement in the award of State contracts or in regulatory or licensing decisions.
 - (e) The Joint Committee on Legislative Support Services, the Auditor General, and each of the executive branch constitutional officers and legislative leaders subject to subsection (c) of this Section shall provide written notification to all employees in positions subject to the policies required by subsection (c) or a determination made under subsection (d): (1) upon hiring, promotion, or transfer into the relevant position; and (2) at the time the employee's duties are changed in such a way as to qualify that employee. An employee receiving notification must certify in writing that the person was advised of the prohibition and the requirement to notify the appropriate Inspector General in subsection (f).
 - (f) Any State employee in a position subject to the policies required by subsection (c) or to a determination under subsection (d), but who does not fall within the prohibition of subsection (h) below, who is offered non-State employment during State employment or within a period of one year immediately after termination of State employment shall, prior to accepting such non-State employment, notify the appropriate Inspector General. Within 10 calendar days after receiving notification from an employee in a position subject to the policies required by subsection (c), such Inspector General shall make a determination as to whether the State employee is

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restricted from accepting such employment by subsection (a) or (b). In making a determination, in addition to any other relevant information, an Inspector General shall assess the effect of the prospective employment or relationship upon decisions referred to in subsections (a) and (b), based on the totality of the participation by the former officer, member, or State employee in those decisions. A determination by an Inspector General must be in writing, signed and dated by the Inspector General, and delivered to the subject of the determination within 10 calendar days or the person is deemed eligible for the employment opportunity. For purposes of this subsection, "appropriate Inspector General" means (i) employees of the legislative branch, members and the Legislative Inspector General; (ii) for the Auditor General and employees of the Office of the Auditor General, the Inspector General provided for in Section 30-5 of this Act; and (iii) for executive branch officers and employees, the Inspector General having jurisdiction over the officer or employee. Notice of any determination of an Inspector General and of any such appeal shall be given to the ultimate jurisdictional authority, the Attorney General, and the Executive Ethics Commission.

(g) An Inspector General's determination regarding restrictions under subsection (a) or (b) may be appealed to the appropriate Ethics Commission by the person subject to the decision or the Attorney General no later than the 10th calendar day after the date of the determination.

On appeal, the Ethics Commission or Auditor General shall seek, accept, and consider written public comments regarding a determination. In deciding whether to uphold an Inspector General's determination, the appropriate Ethics Commission or Auditor General shall assess, in addition to any other relevant information, the effect of the prospective employment or relationship upon the decisions referred to in subsections (a) and (b), based on the totality of the participation by the former officer, member, or State employee in those decisions. The Ethics Commission shall decide whether to uphold an Inspector General's determination within 10 calendar days or the person is deemed eligible for the employment opportunity.

(h) The following officers, members, or State employees shall not, within a period of one year immediately after termination of office or State employment, knowingly accept employment or receive compensation or fees for services from a person or entity if the person or entity or its parent or subsidiary, during the year immediately preceding termination of State employment, was a party to a State contract or contracts with a cumulative value of \$25,000 or more involving the officer, member, or State employee's State agency, or was the subject of a regulatory or licensing decision involving the officer, member, or State employee's State agency, regardless of whether he or she participated personally and substantially in the award of the State contract or contracts or the making of the regulatory or licensing decision in question:

_ ((1)	members	or	officers;

- 2 (2) members of a commission or board created by the 3 Illinois Constitution;
 - (3) persons whose appointment to office is subject to the advice and consent of the Senate;
 - (4) the head of a department, commission, board, division, bureau, authority, or other administrative unit within the government of this State;
 - (5) chief procurement officers, State purchasing officers, and their designees whose duties are directly related to State procurement; and
 - (6) chiefs of staff, deputy chiefs of staff, associate chiefs of staff, assistant chiefs of staff, and deputy governors.
 - (i) For the purposes of this Section, with respect to officers or employees of a regional transit board, as defined in this Act, the phrase "person or entity" does not include:
 (i) the United States government, (ii) the State, (iii) municipalities, as defined under Article VII, Section 1 of the Illinois Constitution, (iv) units of local government, as defined under Article VII, Section 1 of the Illinois Constitution, or (v) school districts.
 - (j) No employee of the Illinois Gaming Board, or spouse or immediate family member living with such person, shall, within a period of one year immediately after termination of employment with the Illinois Gaming Board, knowingly accept

- 1 employment or receive compensation or fees for services from a
- 2 person or entity licensed by the Illinois Gaming Board,
- 3 <u>including a person or entity that contracts with a person or</u>
- 4 <u>entity licensed by the Illinois Gaming Board.</u>
- 5 (Source: P.A. 96-555, eff. 8-18-09; 97-653, eff. 1-13-12.)
- 6 Section 10. The Riverboat Gambling Act is amended by
- 7 changing Section 5 as follows:
- 8 (230 ILCS 10/5) (from Ch. 120, par. 2405)
- 9 Sec. 5. Gaming Board.
- 10 (a) (1) There is hereby established the Illinois Gaming
- Board, which shall have the powers and duties specified in this
- 12 Act, and all other powers necessary and proper to fully and
- effectively execute this Act for the purpose of administering,
- 14 regulating, and enforcing the system of riverboat gambling
- 15 established by this Act. Its jurisdiction shall extend under
- 16 this Act to every person, association, corporation,
- 17 partnership and trust involved in riverboat gambling
- operations in the State of Illinois.
- 19 (2) The Board shall consist of 5 members to be appointed by
- the Governor with the advice and consent of the Senate, one of
- 21 whom shall be designated by the Governor to be chairman. Each
- 22 member shall have a reasonable knowledge of the practice,
- 23 procedure and principles of gambling operations. Each member
- shall either be a resident of Illinois or shall certify that he

- will become a resident of Illinois before taking office. At least one member shall be experienced in law enforcement and criminal investigation, at least one member shall be a certified public accountant experienced in accounting and auditing, and at least one member shall be a lawyer licensed to practice law in Illinois.
 - (3) The terms of office of the Board members shall be 3 years, except that the terms of office of the initial Board members appointed pursuant to this Act will commence from the effective date of this Act and run as follows: one for a term ending July 1, 1991, 2 for a term ending July 1, 1992, and 2 for a term ending July 1, 1993. Upon the expiration of the foregoing terms, the successors of such members shall serve a term for 3 years and until their successors are appointed and qualified for like terms. Vacancies in the Board shall be filled for the unexpired term in like manner as original appointments. Each member of the Board shall be eligible for reappointment at the discretion of the Governor with the advice and consent of the Senate.
 - (4) Each member of the Board shall receive \$300 for each day the Board meets and for each day the member conducts any hearing pursuant to this Act. Each member of the Board shall also be reimbursed for all actual and necessary expenses and disbursements incurred in the execution of official duties.
 - (5) No person shall be appointed a member of the Board or continue to be a member of the Board who is, or whose spouse,

child or parent or other person with whom the member of the Board has a romantic or sexual relationship is, a member of the board of directors of, employee of, or a person financially interested in, including contractual relationships with, any gambling operation subject to the jurisdiction of this Board, including video gaming, or any race track, race meeting, racing association or the operations thereof subject to the jurisdiction of the Illinois Racing Board. No Board member shall hold any other public office. No person shall be a member of the Board who is not of good moral character or who has been convicted of, or is under indictment for, a felony under the laws of Illinois or any other state, or the United States.

- (5.5) No member of the Board shall engage in any political activity. For the purposes of this Section, "political" means any activity in support of or in connection with any campaign for federal, State, or local elective office or any political organization, but does not include activities (i) relating to the support or opposition of any executive, legislative, or administrative action (as those terms are defined in Section 2 of the Lobbyist Registration Act), (ii) relating to collective bargaining, or (iii) that are otherwise in furtherance of the person's official State duties or governmental and public service functions.
- (6) Any member of the Board may be removed by the Governor for neglect of duty, misfeasance, malfeasance, or nonfeasance in office, or for engaging in any political activity, or for

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violating paragraph (5) of this subsection (a).

- (7) Before entering upon the discharge of the duties of his office, each member of the Board shall take an oath that he will faithfully execute the duties of his office according to the laws of the State and the rules and regulations adopted therewith and shall give bond to the State of Illinois, approved by the Governor, in the sum of \$25,000. Every such bond, when duly executed and approved, shall be recorded in the office of the Secretary of State. Whenever the Governor determines that the bond of any member of the Board has become or is likely to become invalid or insufficient, he shall require such member forthwith to renew his bond, which is to be approved by the Governor. Any member of the Board who fails to take oath and give bond within 30 days from the date of his appointment, or who fails to renew his bond within 30 days after it is demanded by the Governor, shall be guilty of neglect of duty and may be removed by the Governor. The cost of any bond given by any member of the Board under this Section shall be taken to be a part of the necessary expenses of the Board.
- (7.5)For the examination of all mechanical, electromechanical, or electronic table games, slot machines, slot accounting systems, and other electronic gaming equipment for compliance with this Act, the Board may utilize the services of more independent outside one or laboratories that have been accredited by a national

- accreditation body and that, in the judgment of the Board, are qualified to perform such examinations.
 - (8) The Board shall employ such personnel as may be necessary to carry out its functions and shall determine the salaries of all personnel, except those personnel whose salaries are determined under the terms of a collective bargaining agreement. No person shall be employed to serve the Board who is, or whose spouse, parent or child or other person with whom the employee has a romantic or sexual relationship is, an official of, or has a financial interest in or financial relation with, including contractual relationships with, any operator engaged in gambling operations within this State, including video gaming, or any organization engaged in conducting horse racing within this State. Any employee violating these prohibitions shall be subject to termination of employment.
 - (9) An Administrator shall perform any and all duties that the Board shall assign him. The salary of the Administrator shall be determined by the Board and, in addition, he shall be reimbursed for all actual and necessary expenses incurred by him in discharge of his official duties. The Administrator shall keep records of all proceedings of the Board and shall preserve all records, books, documents and other papers belonging to the Board or entrusted to its care. The Administrator shall devote his full time to the duties of the office and shall not hold any other office or employment.

- (b) The Board shall have general responsibility for the implementation of this Act. Its duties include, without limitation, the following:
 - (1) To decide promptly and in reasonable order all license applications. Any party aggrieved by an action of the Board denying, suspending, revoking, restricting or refusing to renew a license may request a hearing before the Board. A request for a hearing must be made to the Board in writing within 5 days after service of notice of the action of the Board. Notice of the action of the Board shall be served either by personal delivery or by certified mail, postage prepaid, to the aggrieved party. Notice served by certified mail shall be deemed complete on the business day following the date of such mailing. The Board shall conduct all requested hearings promptly and in reasonable order;
 - (2) To conduct all hearings pertaining to civil violations of this Act or rules and regulations promulgated hereunder;
 - (3) To promulgate such rules and regulations as in its judgment may be necessary to protect or enhance the credibility and integrity of gambling operations authorized by this Act and the regulatory process hereunder;
 - (4) To provide for the establishment and collection of all license and registration fees and taxes imposed by this

Act and the rules and regulations issued pursuant hereto.

All such fees and taxes shall be deposited into the State

Gaming Fund;

- (5) To provide for the levy and collection of penalties and fines for the violation of provisions of this Act and the rules and regulations promulgated hereunder. All such fines and penalties shall be deposited into the Education Assistance Fund, created by Public Act 86-0018, of the State of Illinois:
- (6) To be present through its inspectors and agents any time gambling operations are conducted on any riverboat for the purpose of certifying the revenue thereof, receiving complaints from the public, and conducting such other investigations into the conduct of the gambling games and the maintenance of the equipment as from time to time the Board may deem necessary and proper;
- (7) To review and rule upon any complaint by a licensee regarding any investigative procedures of the State which are unnecessarily disruptive of gambling operations. The need to inspect and investigate shall be presumed at all times. The disruption of a licensee's operations shall be proved by clear and convincing evidence, and establish that: (A) the procedures had no reasonable law enforcement purposes, and (B) the procedures were so disruptive as to unreasonably inhibit gambling operations;
 - (8) To hold at least one meeting each quarter of the

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fiscal year. In addition, special meetings may be called by the Chairman or any 2 Board members upon 72 hours written notice to each member. All Board meetings shall be subject 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 shall keep a complete and accurate record of all its meetings. A majority of the members of the Board shall constitute a quorum for the transaction of any business, for the performance of any duty, or for the exercise of any power which this Act requires the Board members to transact, perform or exercise en banc, except that, upon order of the Board, one of the Board members or an administrative law judge designated by the Board may conduct any hearing provided for under this Act or by Board rule and may recommend findings and decisions to the Board. The Board member or administrative law judge conducting such hearing shall have all powers and rights granted to the Board in this Act. The record made at the time of the hearing shall be reviewed by the Board, or a majority thereof, and the findings and decision of the majority of the Board shall constitute the order of the Board in such case;

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

- (10) To file a written annual report with the Governor on or before July 1 each year and such additional reports as the Governor may request. The annual report shall include a statement of receipts and disbursements by the Board, actions taken by the Board, and any additional information and recommendations which the Board may deem valuable or which the Governor may request;
 - (11) (Blank);
 - (12) (Blank);
- (13) To assume responsibility for administration and enforcement of the Video Gaming Act; and
 - (14) To adopt, by rule, a code of conduct governing Board members and employees that ensure, to the maximum extent possible, that persons subject to this Code avoid situations, relationships, or associations that may represent or lead to a conflict of interest.
 - (c) The Board shall have jurisdiction over and shall supervise all gambling operations governed by this Act. The Board shall have all powers necessary and proper to fully and effectively execute the provisions of this Act, including, but not limited to, the following:
 - (1) To investigate applicants and determine the eligibility of applicants for licenses and to select among competing applicants the applicants which best serve the interests of the citizens of Illinois.
 - (2) To have jurisdiction and supervision over all

riverboat gambling operations in this State and all persons on riverboats where gambling operations are conducted.

- (3) To promulgate rules and regulations for the purpose of administering the provisions of this Act and to prescribe rules, regulations and conditions under which all riverboat gambling in the State shall be conducted. Such rules and regulations are to provide for the prevention of practices detrimental to the public interest and for the best interests of riverboat gambling, including rules and regulations regarding the inspection of such riverboats and the review of any permits or licenses necessary to operate a riverboat under any laws or regulations applicable to riverboats, and to impose penalties for violations thereof.
- (4) To enter the office, riverboats, facilities, or other places of business of a licensee, where evidence of the compliance or noncompliance with the provisions of this Act is likely to be found.
- (5) To investigate alleged violations of this Act or the rules of the Board and to take appropriate disciplinary action against a licensee or a holder of an occupational license for a violation, or institute appropriate legal action for enforcement, or both.
- (6) To adopt standards for the licensing of all persons under this Act, as well as for electronic or mechanical gambling games, and to establish fees for such licenses.

- (7) To adopt appropriate standards for all riverboats and facilities.
 - (8) To require that the records, including financial or other statements of any licensee under this Act, shall be kept in such manner as prescribed by the Board and that any such licensee involved in the ownership or management of gambling operations submit to the Board an annual balance sheet and profit and loss statement, list of the stockholders or other persons having a 1% or greater beneficial interest in the gambling activities of each licensee, and any other information the Board deems necessary in order to effectively administer this Act and all rules, regulations, orders and final decisions promulgated under this Act.
 - (9) To conduct hearings, issue subpoenas for the attendance of witnesses and subpoenas duces tecum for the production of books, records and other pertinent documents in accordance with the Illinois Administrative Procedure Act, and to administer oaths and affirmations to the witnesses, when, in the judgment of the Board, it is necessary to administer or enforce this Act or the Board rules.
 - (10) To prescribe a form to be used by any licensee involved in the ownership or management of gambling operations as an application for employment for their employees.

- (11) To revoke or suspend licenses, as the Board may see fit and in compliance with applicable laws of the State regarding administrative procedures, and to review applications for the renewal of licenses. The Board may suspend an owners license, without notice or hearing upon a determination that the safety or health of patrons or employees is jeopardized by continuing a riverboat's operation. The suspension may remain in effect until the Board determines that the cause for suspension has been abated. The Board may revoke the owners license upon a determination that the owner has not made satisfactory progress toward abating the hazard.
- (12) To eject or exclude or authorize the ejection or exclusion of, any person from riverboat gambling facilities where such person is in violation of this Act, rules and regulations thereunder, or final orders of the Board, or where such person's conduct or reputation is such that his presence within the riverboat gambling facilities may, in the opinion of the Board, call into question the honesty and integrity of the gambling operations or interfere with orderly conduct thereof; provided that the propriety of such ejection or exclusion is subject to subsequent hearing by the Board.
- (13) To require all licensees of gambling operations to utilize a cashless wagering system whereby all players' money is converted to tokens, electronic cards, or chips

which shall be used only for wagering in the gambling establishment.

- (14) (Blank).
- (15) To suspend, revoke or restrict licenses, to require the removal of a licensee or an employee of a licensee for a violation of this Act or a Board rule or for engaging in a fraudulent practice, and to impose civil penalties of up to \$5,000 against individuals and up to \$10,000 or an amount equal to the daily gross receipts, whichever is larger, against licensees for each violation of any provision of the Act, any rules adopted by the Board, any order of the Board or any other action which, in the Board's discretion, is a detriment or impediment to riverboat gambling operations.
- (16) To hire employees to gather information, conduct investigations and carry out any other tasks contemplated under this Act.
- (17) To establish minimum levels of insurance to be maintained by licensees.
- (18) To authorize a licensee to sell or serve alcoholic liquors, wine or beer as defined in the Liquor Control Act of 1934 on board a riverboat and to have exclusive authority to establish the hours for sale and consumption of alcoholic liquor on board a riverboat, notwithstanding any provision of the Liquor Control Act of 1934 or any local ordinance, and regardless of whether the riverboat

makes excursions. The establishment of the hours for sale and consumption of alcoholic liquor on board a riverboat is an exclusive power and function of the State. A home rule unit may not establish the hours for sale and consumption of alcoholic liquor on board a riverboat. This amendatory Act of 1991 is a denial and limitation of home rule powers and functions under subsection (h) of Section 6 of Article VII of the Illinois Constitution.

- (19) After consultation with the U.S. Army Corps of Engineers, to establish binding emergency orders upon the concurrence of a majority of the members of the Board regarding the navigability of water, relative to excursions, in the event of extreme weather conditions, acts of God or other extreme circumstances.
- (20) To delegate the execution of any of its powers under this Act for the purpose of administering and enforcing this Act and its rules and regulations hereunder.
- (20.5) To approve any contract entered into on its behalf.
- (20.6) To appoint investigators to conduct investigations, searches, seizures, arrests, and other duties imposed under this Act, as deemed necessary by the Board. These investigators have and may exercise all of the rights and powers of peace officers, provided that these powers shall be limited to offenses or violations occurring or committed on a riverboat or dock, as defined in

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subsections (d) and (f) of Section 4, or as otherwise provided by this Act or any other law.

- (20.7) To contract with the Department of State Police for the use of trained and qualified State police officers and with the Department of Revenue for the use of trained qualified Department of Revenue investigators to conduct investigations, searches, seizures, arrests, and other duties imposed under this Act and to exercise all of the rights and powers of peace officers, provided that the powers of Department of Revenue investigators under this subdivision (20.7) shall be limited to offenses or violations occurring or committed on a riverboat or dock, as defined in subsections (d) and (f) of Section 4, or as otherwise provided by this Act or any other law. In the event the Department of State Police or the Department of Revenue is unable to fill contracted police investigative positions, the Board may appoint investigators to fill those positions pursuant subdivision (20.6).
- (21) To take any other action as may be reasonable or appropriate to enforce this Act and rules and regulations hereunder.
- (d) The Board may seek and shall receive the cooperation of the Department of State Police in conducting background investigations of applicants and in fulfilling its responsibilities under this Section. Costs incurred by the

- 1 Department of State Police as a result of such cooperation
- 2 shall be paid by the Board in conformance with the requirements
- 3 of Section 2605-400 of the Department of State Police Law (20
- 4 ILCS 2605/2605-400).
- 5 (e) The Board must authorize to each investigator and to
- 6 any other employee of the Board exercising the powers of a
- 7 peace officer a distinct badge that, on its face, (i) clearly
- 8 states that the badge is authorized by the Board and (ii)
- 9 contains a unique identifying number. No other badge shall be
- 10 authorized by the Board.
- 11 (Source: P.A. 100-1152, eff. 12-14-18.)