



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB4087

Introduced 5/25/2021, by Rep. Jonathan Carroll

SYNOPSIS AS INTRODUCED:

230 ILCS 40/35
230 ILCS 45/25-70

Amends the Video Gaming Act. Provides that an applicant or licensee under the Act is not in violation of the Act or its rules and shall not be subject to disciplinary action for operating a game device if operation of the game device is in compliance with and not considered gambling under the Criminal Code of 2012. Amends the Sports Wagering Act. In provisions concerning the lottery sports wagering pilot program, provides that all lottery games, including sports wagering games and programs, are a part of the Department of the Lottery's private management agreement and competitive bidding process under the Illinois Lottery Law (rather than the Department issuing a central system provider license pursuant to an open and competitive bidding process). Requires the Department to implement and administer the program no later than June 30, 2021 and that sports lottery terminals be available for play within 90 days after the effective date of the amendatory Act. Makes changes in provisions concerning the placement of sports lottery terminals, wagers accepted, distribution of proceeds, and the Department's powers. Provides that the Department shall be responsible for facilitating the purchase or lease of all sports lottery terminals. Changes the repeal date of the pilot program to January 1, 2029 (rather than January 1, 2024). Makes other changes. Effective immediately.

LRB102 18479 SMS 26618 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning gaming.

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

4 Section 5. The Video Gaming Act is amended by changing
5 Section 35 as follows:

6 (230 ILCS 40/35)

7 Sec. 35. Display of license; confiscation; violation as
8 felony.

9 (a) Each video gaming terminal shall be licensed by the
10 Board before placement or operation on the premises of a
11 licensed establishment, licensed truck stop establishment,
12 licensed large truck stop establishment, licensed fraternal
13 establishment, or licensed veterans establishment. The license
14 of each video gaming terminal shall be maintained at the
15 location where the video gaming terminal is operated. Failure
16 to do so is a petty offense with a fine not to exceed \$100. Any
17 licensed establishment, licensed truck stop establishment,
18 licensed large truck stop establishment, licensed fraternal
19 establishment, or licensed veterans establishment used for the
20 conduct of gambling games in violation of this Act shall be
21 considered a gambling place in violation of Section 28-3 of
22 the Criminal Code of 2012. Every gambling device found in a
23 licensed establishment, licensed truck stop establishment,

1 licensed large truck stop establishment, licensed fraternal
2 establishment, or licensed veterans establishment operating
3 gambling games in violation of this Act shall be subject to
4 seizure, confiscation, and destruction as provided in Section
5 28-5 of the Criminal Code of 2012. Any license issued under the
6 Liquor Control Act of 1934 to any owner or operator of a
7 licensed establishment, licensed truck stop establishment,
8 licensed large truck stop establishment, licensed fraternal
9 establishment, or licensed veterans establishment that
10 operates or permits the operation of a video gaming terminal
11 within its establishment in violation of this Act shall be
12 immediately revoked. No person may own, operate, have in his
13 or her possession or custody or under his or her control, or
14 permit to be kept in any place under his or her possession or
15 control, any device that awards credits and contains a
16 circuit, meter, or switch capable of removing and recording
17 the removal of credits when the award of credits is dependent
18 upon chance.

19 Nothing in this Section shall be deemed to prohibit the
20 use of a game device only if the game device is used in an
21 activity that is not gambling under subsection (b) of Section
22 28-1 of the Criminal Code of 2012. An applicant or licensee
23 under this Act is not in violation of this Act or its rules and
24 shall not be subject to disciplinary action for operating a
25 game device if operation of the game device is in compliance
26 with and not considered gambling under subsection (b) of

1 Section 28-1 of the Criminal Code of 2012.

2 A violation of this Section is a Class 4 felony. All
3 devices that are owned, operated, or possessed in violation of
4 this Section are hereby declared to be public nuisances and
5 shall be subject to seizure, confiscation, and destruction as
6 provided in Section 28-5 of the Criminal Code of 2012.

7 The provisions of this Section do not apply to devices or
8 electronic video game terminals licensed pursuant to this Act.
9 A video gaming terminal operated for amusement only and
10 bearing a valid amusement tax sticker shall not be subject to
11 this Section until 30 days after the Board establishes that
12 the central communications system is functional.

13 (b) (1) The odds of winning each video game shall be posted
14 on or near each video gaming terminal. The manner in which the
15 odds are calculated and how they are posted shall be
16 determined by the Board by rule.

17 (2) No video gaming terminal licensed under this Act may
18 be played except during the legal hours of operation allowed
19 for the consumption of alcoholic beverages at the licensed
20 establishment, licensed fraternal establishment, or licensed
21 veterans establishment. A licensed establishment, licensed
22 fraternal establishment, or licensed veterans establishment
23 that violates this subsection is subject to termination of its
24 license by the Board.

25 (Source: P.A. 101-31, eff. 6-28-19.)

1 Section 10. The Sports Wagering Act is amended by changing
2 Section 25-70 as follows:

3 (230 ILCS 45/25-70)

4 (Section scheduled to be repealed on January 1, 2024)

5 Sec. 25-70. Lottery sports wagering pilot program.

6 (a) As used in this Section:

7 "Central lottery system" means the hardware, software,
8 peripherals, platform, and network components ~~provided by the~~
9 ~~Department's central system provider~~ that link and support all
10 required lottery games, programs, and terminals, including,
11 but not limited to, sports wagering games and programs through
12 sports lottery terminals ~~and the central site and that are~~
13 ~~unique and separate from the lottery central system for draw~~
14 ~~and instant games.~~

15 "Central lottery system provider" means an individual,
16 partnership, corporation, or limited liability company that
17 provides the hardware, software, peripherals, platform, risk
18 management, operations, support services, and network
19 components that link and support all required lottery games
20 and lottery terminals, including, but not limited to, sports
21 wagering games and programs through ~~has been licensed for the~~
22 ~~purpose of providing and maintaining a central system and the~~
23 ~~related management facilities specifically for the management~~
24 ~~of sports lottery terminals.~~

25 "Electronic card" means a card purchased from a lottery

1 retailer.

2 "Lottery game" means any game provided for sale or
3 distribution by the Illinois Lottery, including, but not
4 limited to, sports wagering games and programs through sports
5 lottery terminals.

6 "Lottery retailer" means a location licensed by the
7 Department, or otherwise eligible for a license, to sell
8 lottery tickets or shares, including a licensed retail
9 establishment where alcoholic liquor is drawn, poured, mixed,
10 or otherwise served for consumption on premises, regardless of
11 whether the establishment operates on a nonprofit or
12 for-profit basis, any location or establishment that is
13 licensed to operate video gaming terminals, and any other
14 retail food establishment.

15 "Sports lottery systems" means systems provided by the
16 central lottery system provider consisting of sports wagering
17 products, risk management, operations, and support services.

18 "Sports lottery terminal" means a terminal linked to the
19 central lottery system in which bills or coins are deposited
20 or an electronic card is inserted in order to place wagers on a
21 sports event and lottery offerings and includes sports
22 wagering conducted over the Internet or through mobile
23 applications or other digital platforms.

24 (b) Lottery games are a part of the private management
25 agreement and competitive bidding process provided in Section
26 9.1 of the Illinois Lottery Law. The central lottery system

1 provider shall pay \$10,000,000, payable in equal installments
2 over the course of its contract, to the Department upon being
3 issued the central lottery system provider license authorizing
4 sports wagering games and programs under this Section. The
5 fee, however, shall be deducted from the central lottery
6 system provider's operational costs related to the sports
7 lottery infrastructure up to the pro rata amount paid each
8 year. ~~The Department shall issue one central system provider~~
9 ~~license pursuant to an open and competitive bidding process~~
10 ~~that uses the following procedures:~~

11 ~~(1) The Department shall make applications for the~~
12 ~~central system provider license available to the public~~
13 ~~and allow a reasonable time for applicants to submit~~
14 ~~applications to the Department.~~

15 ~~(2) During the filing period for central system~~
16 ~~provider license applications, the Department may retain~~
17 ~~professional services to assist the Department in~~
18 ~~conducting the open and competitive bidding process.~~

19 ~~(3) After receiving all of the bid proposals, the~~
20 ~~Department shall open all of the proposals in a public~~
21 ~~forum and disclose the prospective central system provider~~
22 ~~names and venture partners, if any.~~

23 ~~(4) The Department shall summarize the terms of the~~
24 ~~bid proposals and may make this summary available to the~~
25 ~~public.~~

26 ~~(5) The Department shall evaluate the bid proposals~~

1 ~~within a reasonable time and select no more than 3 final~~
2 ~~applicants to make presentations of their bid proposals to~~
3 ~~the Department.~~

4 ~~(6) The final applicants shall make their~~
5 ~~presentations to the Department on the same day during an~~
6 ~~open session of the Department.~~

7 ~~(7) As soon as practicable after the public~~
8 ~~presentations by the final applicants, the Department, in~~
9 ~~its discretion, may conduct further negotiations among the~~
10 ~~3 final applicants. At the conclusion of such~~
11 ~~negotiations, the Department shall select the winning bid.~~

12 ~~(8) Upon selection of the winning bid, the Department~~
13 ~~shall evaluate the winning bid within a reasonable period~~
14 ~~of time for licensee suitability in accordance with all~~
15 ~~applicable statutory and regulatory criteria.~~

16 ~~(9) If the winning bidder is unable or otherwise fails~~
17 ~~to consummate the transaction, (including if the~~
18 ~~Department determines that the winning bidder does not~~
19 ~~satisfy the suitability requirements), the Department may,~~
20 ~~on the same criteria, select from the remaining bidders.~~

21 ~~(10) The winning bidder shall pay \$20,000,000 to the~~
22 ~~Department upon being issued the central system provider~~
23 ~~license.~~

24 (c) Every sports lottery terminal offered in this State
25 for play shall first be tested and approved pursuant to the
26 rules of the Department, and each sports lottery terminal

1 offered in this State for play shall conform to an approved
2 model. Sports lottery terminals shall be available for play
3 within 90 days after the effective date of this amendatory Act
4 of the 102nd General Assembly and any system testing dates
5 designated by the Department. For the examination of sports
6 lottery terminals and associated equipment as required by this
7 Section, the central lottery system provider may utilize the
8 services of one or more independent outside testing
9 laboratories that have been accredited by a national
10 accreditation body and that, in the judgment of the
11 Department, are qualified to perform such examinations. Every
12 sports lottery terminal offered in this State for play must
13 meet minimum standards set by an independent outside testing
14 laboratory approved by the Department.

15 (d) ~~Sports~~ ~~During the first 360 days after the effective~~
16 ~~date of this Act, sport~~ lottery terminals may be placed in any
17 ~~no more than 2,500~~ Lottery retail location ~~locations~~ in the
18 State. ~~Sports lottery terminals may be placed in an additional~~
19 ~~2,500 Lottery retail locations during the second year after~~
20 ~~the effective date of this Act.~~

21 (e) A sports lottery terminal may not directly dispense
22 coins, cash, tokens, or any other article of exchange or value
23 except for receipt tickets. Tickets shall be dispensed by
24 pressing the ticket dispensing button on the sports lottery
25 terminal at the end of the placement of one's wager or wagers.
26 The ticket shall indicate the total amount wagered, odds for

1 each wager placed, and the cash award for each bet placed, the
2 time of day in a 24-hour format showing hours and minutes, the
3 date, the terminal serial number, the sequential number of the
4 ticket, and an encrypted validation number from which the
5 validity of the prize may be determined. The player shall turn
6 in this ticket to the appropriate person at a lottery retailer
7 to receive the cash award.

8 (f) No lottery retailer may cause or permit any person
9 under the age of 21 years to use a sports lottery terminal or
10 sports wagering application. A lottery retailer who knowingly
11 causes or permits a person under the age of 21 years to use a
12 sports lottery terminal or sports wagering application is
13 guilty of a business offense and shall be fined an amount not
14 to exceed \$5,000.

15 (g) A sports lottery terminal shall ~~only~~ accept any wagers
16 as determined by rule by the Department. ~~parlay wagers and~~
17 ~~fixed odds parlay wagers.~~ The Department shall, by rule,
18 ~~establish the total amount, as a percentage, of all wagers~~
19 ~~placed that a lottery retailer may retain.~~

20 (g-5) The payouts for the lottery sports wagering pilot
21 program shall be as follows:

22 (1) 80% or less of gross dollars played to be
23 distributed as prizes and awards; this amount shall be
24 calculated as an average based on a 2-year anniversary
25 date to be determined by the Department and guaranteed by
26 the central lottery system provider; and

1 (2) 20% gross gaming revenue remaining (gross dollars
2 played minus prizes paid) to be distributed as follows:

3 (A) 8% to the central lottery system provider; and

4 (B) except as provided in subparagraphs (i) and
5 (ii), 11.5% to the State of Illinois, of which the
6 local municipality shall receive .5%. if the State is
7 responsible for the retailer commissions and payment
8 of the sports lottery terminal;

9 (i) if a terminal operator under the Video
10 Gaming Act purchases and distributes the sports
11 lottery terminal, then 4% to the State, 3% to the
12 lottery retailer, 4.5% to the terminal operator,
13 and .5% to the local municipality; and

14 (ii) if a Lottery retail location purchases
15 the sports lottery terminal, then 7.5% goes to the
16 Lottery retail location and 4% to the State, of
17 which the local municipality shall receive .5%.

18 (h) The Department shall have jurisdiction over and shall
19 supervise all lottery sports wagering operations governed by
20 this Section. The Department shall implement and administer
21 the lottery sports wagering pilot program no later than June
22 30, 2021. The Department shall have all powers necessary and
23 proper to fully and effectively execute the provisions of this
24 Section, including, but not limited to, the following:

25 (1) To investigate applicants and determine the
26 eligibility of applicants for licenses with a goal of

1 advancing minority business opportunities, including
2 lottery retailer ownership of sports lottery terminals ~~and~~
3 ~~to select among competing applicants the applicants which~~
4 ~~best serve the interests of the citizens of Illinois.~~

5 (2) To have jurisdiction and supervision over all
6 lottery sports wagering operations in this State.

7 (3) To adopt rules for the purpose of administering
8 the provisions of this Section and to adopt rules and
9 conditions under which all lottery sports wagering in the
10 State shall be conducted. Such rules are to provide for
11 the prevention of practices detrimental to the public
12 interest and for the best interests of lottery sports
13 wagering, including rules (i) regarding the inspection of
14 such licensees necessary to operate a lottery retailer
15 under any laws or rules applicable to licensees, (ii) to
16 impose penalties for violations of the Act and its rules,
17 ~~and~~ (iii) establishing standards for advertising lottery
18 sports wagering, (iv) to effectuate policies that advance
19 minority business ownership and participation in the
20 sports lottery program, and (v) regarding apportionment of
21 the total revenues accruing from the lottery sports
22 wagering pilot program for the purchase or lease of the
23 hardware.

24 (i) The Department shall adopt emergency rules to
25 administer this Section in accordance with Section 5-45 of the
26 Illinois Administrative Procedure Act. For the purposes of the

1 Illinois Administrative Procedure Act, the General Assembly
2 finds that the adoption of rules to implement this Section is
3 deemed an emergency and necessary to the public interest,
4 safety, and welfare.

5 (j) For the privilege of operating lottery sports wagering
6 under this Section, all proceeds minus net of proceeds
7 returned to players shall be electronically transferred daily
8 or weekly, at the discretion of the Director of the Lottery,
9 into the State Lottery Fund. After amounts owed to the central
10 system provider and licensed agents, as determined by the
11 Department, are paid from the moneys deposited into the State
12 Lottery Fund under this subsection, the remainder shall be
13 transferred on the 15th of each month to the Capital Projects
14 Fund.

15 (j-5) The Department shall be responsible for facilitating
16 either the purchase or lease of all sports lottery terminals,
17 including providing opportunities for minority business
18 lottery retailers to obtain suitable financing. The Department
19 shall allow for any terminal operator under the Video Gaming
20 Act and Lottery retail location to purchase or lease the
21 sports lottery terminals.

22 (k) This Section is repealed on January 1, 2029 ~~2024~~.

23 (Source: P.A. 101-31, eff. 6-28-19.)

24 Section 99. Effective date. This Act takes effect upon
25 becoming law.