



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB1654

Introduced 2/19/2009, by Sen. John J. Cullerton

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Lottery Law. Provides that the State may enter into a Management Agreement with a third party in which the third party is authorized to manage or operate the Lottery. Provides that the Department of Revenue shall create a pilot program that allows an individual to purchase Illinois lottery tickets or shares on the Internet without using a Lottery retailer with on-line status. Provides that only Lotto and Mega Million games offered by the Illinois Lottery may be offered through the program. Requires that, before beginning the pilot program, the Department of Revenue must seek a clarifying memo from the federal Department of Justice it is legal for Illinois residents and non-Illinois residents to purchase the private company to sell lottery tickets on the Internet on behalf of the State of Illinois under the federal Unlawful Internet Gambling Enforcement Act of 2006. Requires the Department to limit the individuals authorized to purchase the lottery tickets to individuals who are 18 years of age or older and Illinois residents, unless the clarifying memo from the federal Department of Justice indicates that it is legal for non-Illinois residents to purchase lottery tickets on the Internet. Contains provisions concerning verification of age and residency restrictions. Amends the Criminal Code of 1961. Provides that the exemption from conviction of gambling for lotteries when conducted by the State of Illinois in accordance with the Illinois Lottery Law includes any activity conducted by the Department of Revenue to sell lottery tickets pursuant to the provisions of the Illinois Lottery Law and its rules. Provides that persons who purchase lottery tickets through the Internet in connection with the Department of Revenue's pilot program shall not be convicted of gambling. Effective immediately.

LRB096 11100 AMC 21448 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning the lottery.

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

4 Section 5. The Illinois Lottery Law is amended by adding
5 Sections 2, 2.1, 7.12, 7.15, and 7.16 as follows:

6 (20 ILCS 1605/2) (from Ch. 120, par. 1152)

7 Sec. 2. This Act is enacted to implement and establish
8 within the State a lottery to be conducted ~~operated~~ by the
9 State, through the Department, whether that lottery is operated
10 and managed by the State or by a third party pursuant to a
11 Management Agreement. The operations of a lottery are unique
12 activities for State government, and private management will
13 best enable the lottery to be operated in an entrepreneurial
14 and business-like manner, thereby maximizing value for and
15 benefit to the citizens of the State. Any such private manager
16 shall be accountable to the State through a comprehensive
17 system of State regulation and enduring operational oversight.
18 The State's ongoing conduct of the Lottery throughout the term
19 of the Management Agreement shall act to promote and ensure the
20 integrity, security, honesty, and fairness of the Lottery's
21 operation and administration. ~~the entire net proceeds of which~~
22 ~~are to be used for the support of the State's Common School~~
23 ~~Fund, except as provided in Sections 21.2, 21.5, 21.6, 21.7,~~

1 ~~and 21.8.~~

2 (Source: P.A. 94-120, eff. 7-6-05; 94-585, eff. 8-15-05;
3 95-331, eff. 8-21-07; 95-673, eff. 10-11-07; 95-674, eff.
4 10-11-07; 95-876, eff. 8-21-08.)

5 (20 ILCS 1605/2.1 new)

6 Sec. 2.1. Sale of Lottery prohibited. Notwithstanding any
7 provision of this Act or other applicable law to the contrary,
8 the State may, pursuant to a competitive process, enter into a
9 Management Agreement with a third party pursuant to which that
10 party may be authorized to manage or operate the Lottery on
11 behalf of the State, and further pursuant to which that party
12 may receive certain Lottery revenues in consideration of the
13 operation of the Lottery, provided that the Lottery is managed
14 and operated in accordance with the provisions of this Act and
15 that the State at all times retains control of the Lottery and
16 exercises supervisory authority over the Lottery sufficient to
17 implement the terms of the Management Agreement and to effect
18 the purposes of this Act. The Lottery shall remain, for so long
19 as a private manager manages and operates the Lottery in
20 accordance with provisions of this Act, a Lottery conducted by
21 the State, and the State shall not be authorized to sell or
22 transfer the Lottery to a third party.

23 The Director is authorized to enter into a Management
24 Agreement on behalf of the State on such terms as the Director
25 shall determine, consistent with this amendatory Act of the

1 96th General Assembly. All of the acts of officials authorized
2 by the State that are in conformity with the intent and
3 purposes of this amendatory Act of the 96th General Assembly,
4 whether heretofore or hereafter taken or done, shall be and are
5 ratified, confirmed, authorized, and approved hereby in all
6 respects. To the extent any provision of the Illinois
7 Procurement Code or any other law is in conflict with this
8 amendatory Act of the 96th General Assembly insofar as it
9 relates to any Transaction Documents, the provisions of this
10 amendatory Act shall be controlling.

11 (20 ILCS 1605/7.12 new)

12 Sec. 7.12. Internet pilot program. The Department shall
13 create a pilot program that allows an individual to purchase
14 lottery tickets or shares on the Internet without using a
15 Lottery retailer with on-line status, as those terms are
16 defined by rule. The Department shall adopt rules necessary for
17 the administration of this program. The provisions of this Act
18 and the rules adopted under this Act shall apply to the sale of
19 lottery tickets or shares under this program.

20 Before beginning the pilot program, the Department of
21 Revenue must seek a clarifying memo from the federal Department
22 of Justice that it is legal for Illinois residents and
23 non-Illinois residents to purchase and the private company to
24 sell lottery tickets on the Internet on behalf of the State of
25 Illinois under the federal Unlawful Internet Gambling

1 Enforcement Act of 2006.

2 The Department shall limit the individuals authorized to
3 purchase lottery tickets on the Internet to individuals who are
4 18 years of age or older and Illinois residents, unless the
5 clarifying memo from the federal Department of Justice
6 indicates that it is legal for non-Illinois residents to
7 purchase lottery tickets on the Internet, and shall set a
8 limitation on the monthly purchases that may be made through
9 any one individual's lottery account. Only Lotto and Mega
10 Million games offered by the Illinois Lottery may be offered
11 through the pilot program.

12 The pilot program must be conducted pursuant to a contract
13 with a private vendor that has the expertise, technical
14 capability, and knowledge of the Illinois lottery marketplace
15 to conduct the program. The Department of the Lottery must
16 ensure cooperation from existing vendors for the program.

17 The pilot program shall last for not less than 36 months,
18 but not more than 48 months.

19 Results from the pilot program in terms of sales and
20 profits, as well as biannual reports as to market penetration
21 and controls, shall be used in any calculation of the lottery's
22 potential worth in the case of a lease or sale of the right to
23 operate the lottery.

24 (20 ILCS 1605/7.15 new)

25 Sec. 7.15. Verification of age and residency for Internet

1 program; security for Internet lottery accounts. The
2 Department must establish a procedure to verify that an
3 individual is 18 years of age or older and an Illinois resident
4 before he or she may establish an Internet lottery account and
5 purchase lottery tickets or shares through the Internet
6 program. By rule, the Department shall establish funding
7 procedures for Internet lottery accounts and shall provide a
8 mechanism for each Internet lottery account to have a personal
9 identification number to prevent the unauthorized use of
10 Internet lottery accounts.

11 (20 ILCS 1605/7.16 new)

12 Sec. 7.16. Contracts. The contract with a private vendor
13 to fulfill the program requirements must be separate from
14 lottery contracts existing on the effective date of this
15 Section.

16 The Department shall award contracts for the development
17 and provision of technology and controls to ensure compliance
18 with the age and residency requirements for the purchase of
19 lottery tickets on the Internet pursuant to competitive bidding
20 processes. The technology and controls must include
21 appropriate data security standards to prevent unauthorized
22 access to Internet lottery accounts.

23 Section 10. The Criminal Code of 1961 is amended by
24 changing Section 28-1 as follows:

1 (720 ILCS 5/28-1) (from Ch. 38, par. 28-1)

2 Sec. 28-1. Gambling.

3 (a) A person commits gambling when he:

4 (1) Plays a game of chance or skill for money or other
5 thing of value, unless excepted in subsection (b) of this
6 Section; or

7 (2) Makes a wager upon the result of any game, contest,
8 or any political nomination, appointment or election; or

9 (3) Operates, keeps, owns, uses, purchases, exhibits,
10 rents, sells, bargains for the sale or lease of,
11 manufactures or distributes any gambling device; or

12 (4) Contracts to have or give himself or another the
13 option to buy or sell, or contracts to buy or sell, at a
14 future time, any grain or other commodity whatsoever, or
15 any stock or security of any company, where it is at the
16 time of making such contract intended by both parties
17 thereto that the contract to buy or sell, or the option,
18 whenever exercised, or the contract resulting therefrom,
19 shall be settled, not by the receipt or delivery of such
20 property, but by the payment only of differences in prices
21 thereof; however, the issuance, purchase, sale, exercise,
22 endorsement or guarantee, by or through a person registered
23 with the Secretary of State pursuant to Section 8 of the
24 Illinois Securities Law of 1953, or by or through a person
25 exempt from such registration under said Section 8, of a

1 put, call, or other option to buy or sell securities which
2 have been registered with the Secretary of State or which
3 are exempt from such registration under Section 3 of the
4 Illinois Securities Law of 1953 is not gambling within the
5 meaning of this paragraph (4); or

6 (5) Knowingly owns or possesses any book, instrument or
7 apparatus by means of which bets or wagers have been, or
8 are, recorded or registered, or knowingly possesses any
9 money which he has received in the course of a bet or
10 wager; or

11 (6) Sells pools upon the result of any game or contest
12 of skill or chance, political nomination, appointment or
13 election; or

14 (7) Sets up or promotes any lottery or sells, offers to
15 sell or transfers any ticket or share for any lottery; or

16 (8) Sets up or promotes any policy game or sells,
17 offers to sell or knowingly possesses or transfers any
18 policy ticket, slip, record, document or other similar
19 device; or

20 (9) Knowingly drafts, prints or publishes any lottery
21 ticket or share, or any policy ticket, slip, record,
22 document or similar device, except for such activity
23 related to lotteries, bingo games and raffles authorized by
24 and conducted in accordance with the laws of Illinois or
25 any other state or foreign government; or

26 (10) Knowingly advertises any lottery or policy game,

1 except for such activity related to lotteries, bingo games
2 and raffles authorized by and conducted in accordance with
3 the laws of Illinois or any other state; or

4 (11) Knowingly transmits information as to wagers,
5 betting odds, or changes in betting odds by telephone,
6 telegraph, radio, semaphore or similar means; or knowingly
7 installs or maintains equipment for the transmission or
8 receipt of such information; except that nothing in this
9 subdivision (11) prohibits transmission or receipt of such
10 information for use in news reporting of sporting events or
11 contests; or

12 (12) Knowingly establishes, maintains, or operates an
13 Internet site that permits a person to play a game of
14 chance or skill for money or other thing of value by means
15 of the Internet or to make a wager upon the result of any
16 game, contest, political nomination, appointment, or
17 election by means of the Internet. This item (12) does not
18 apply to activities referenced in items (6) and (6.1) of
19 subsection (b) of this Section.

20 (b) Participants in any of the following activities shall
21 not be convicted of gambling therefor:

22 (1) Agreements to compensate for loss caused by the
23 happening of chance including without limitation contracts
24 of indemnity or guaranty and life or health or accident
25 insurance.†

26 (2) Offers of prizes, award or compensation to the

1 actual contestants in any bona fide contest for the
2 determination of skill, speed, strength or endurance or to
3 the owners of animals or vehicles entered in such contest.†

4 (3) Pari-mutuel betting as authorized by the law of
5 this State.†

6 (4) Manufacture of gambling devices, including the
7 acquisition of essential parts therefor and the assembly
8 thereof, for transportation in interstate or foreign
9 commerce to any place outside this State when such
10 transportation is not prohibited by any applicable Federal
11 law.†

12 (5) The game commonly known as "bingo", when conducted
13 in accordance with the Bingo License and Tax Act.†

14 (6) Lotteries when conducted by the State of Illinois
15 or a third party pursuant to a Management Agreement with
16 the State of Illinois in accordance with the Illinois
17 Lottery Law. This exemption includes any activity
18 conducted by the Department of Revenue to sell lottery
19 tickets pursuant to the provisions of the Illinois Lottery
20 Law and its rules.†

21 (6.1) The purchase of lottery tickets through the
22 Internet for a lottery conducted by the State of Illinois
23 under the program established in Section 7.12 of the
24 Illinois Lottery Law.

25 (7) Possession of an antique slot machine that is
26 neither used nor intended to be used in the operation or

1 promotion of any unlawful gambling activity or enterprise.

2 For the purpose of this subparagraph (b)(7), an antique
3 slot machine is one manufactured 25 years ago or earlier.†

4 (8) Raffles when conducted in accordance with the
5 Raffles Act.†

6 (9) Charitable games when conducted in accordance with
7 the Charitable Games Act.†

8 (10) Pull tabs and jar games when conducted under the
9 Illinois Pull Tabs and Jar Games Act.†~~or~~

10 (11) Gambling games conducted on riverboats when
11 authorized by the Riverboat Gambling Act.

12 (c) Sentence.

13 Gambling under subsection (a)(1) or (a)(2) of this Section
14 is a Class A misdemeanor. Gambling under any of subsections
15 (a)(3) through (a)(11) of this Section is a Class A
16 misdemeanor. A second or subsequent conviction under any of
17 subsections (a)(3) through (a)(11), is a Class 4 felony.
18 Gambling under subsection (a)(12) of this Section is a Class A
19 misdemeanor. A second or subsequent conviction under
20 subsection (a)(12) is a Class 4 felony.

21 (d) Circumstantial evidence.

22 In prosecutions under subsection (a)(1) through (a)(12) of
23 this Section circumstantial evidence shall have the same
24 validity and weight as in any criminal prosecution.

25 (Source: P.A. 91-257, eff. 1-1-00.)

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.

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Statutes amended in order of appearance

3

20 ILCS 1605/2

from Ch. 120, par. 1152

4

20 ILCS 1605/2.1 new

5

20 ILCS 1605/7.12 new

6

20 ILCS 1605/7.15 new

7

20 ILCS 1605/7.16 new

8

720 ILCS 5/28-1

from Ch. 38, par. 28-1