

SB1955



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB1955

Introduced 2/15/2013, by Sen. Terry Link

SYNOPSIS AS INTRODUCED:

20 ILCS 1605/7.12

Amends the Illinois Lottery Law. Allows the Illinois Lottery to offer Lucky Day Lotto, My3, Pick 3, and Pick 4 games through the Internet pilot program. Effective immediately.

LRB098 05666 AMC 35705 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

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 changing
5 Section 7.12 as follows:

6 (20 ILCS 1605/7.12)

7 Sec. 7.12. Internet pilot program.

8 (a) The General Assembly finds that:

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

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

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

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

23 (b) The Department shall create a pilot program that allows

1 an individual 18 years of age or older to purchase lottery
2 tickets or shares on the Internet without using a Lottery
3 retailer with on-line status, as those terms are defined by
4 rule. The Department shall restrict the sale of lottery tickets
5 on the Internet to transactions initiated and received or
6 otherwise made exclusively within the State of Illinois. The
7 Department shall adopt rules necessary for the administration
8 of this program. These rules shall include, among other things,
9 requirements for marketing of the Lottery to infrequent
10 players, as well as limitations on the purchases that may be
11 made through any one individual's lottery account. The
12 provisions of this Act and the rules adopted under this Act
13 shall apply to the sale of lottery tickets or shares under this
14 program.

15 Before beginning the pilot program, the Department of the
16 Lottery must submit a request to the United States Department
17 of Justice for review of the State's plan to implement a pilot
18 program for the sale of lottery tickets on the Internet and its
19 propriety under federal law. The Department shall implement the
20 Internet pilot program only if the Department of Justice does
21 not object to the implementation of the program within a
22 reasonable period of time after its review.

23 The Department is obligated to implement the pilot program
24 set forth in this Section and Sections 7.15 and 7.16 only at
25 such time, and to such extent, that the Department of Justice
26 does not object to the implementation of the program within a

1 reasonable period of time after its review. While the Illinois
2 Lottery may only offer Lotto, Mega Millions, ~~and~~ Powerball,
3 Lucky Day Lotto, My3, Pick 3, and Pick 4 games through the
4 pilot program, the Department shall request review from the
5 federal Department of Justice for the Illinois Lottery to sell
6 lottery tickets on the Internet on behalf of the State of
7 Illinois that are not limited to just these games.

8 The Department shall authorize the private manager to
9 implement and administer the program pursuant to the management
10 agreement entered into under Section 9.1 and in a manner
11 consistent with the provisions of this Section. If a private
12 manager has not been selected pursuant to Section 9.1 at the
13 time the Department is obligated to implement the pilot
14 program, then the Department shall not proceed with the pilot
15 program until after the selection of the private manager, at
16 which time the Department shall authorize the private manager
17 to implement and administer the program pursuant to the
18 management agreement entered into under Section 9.1 and in a
19 manner consistent with the provisions of this Section.

20 The pilot program shall last for not less than 36 months,
21 but not more than 48 months from the date of its initial
22 operation.

23 Nothing in this Section shall be construed as prohibiting
24 the Department from implementing and operating a website portal
25 whereby individuals who are 18 years of age or older with an
26 Illinois mailing address may apply to purchase lottery tickets

1 via subscription. Nothing in this Section shall also be
2 construed as prohibiting the sale of Lotto, Mega Millions, ~~and~~
3 Powerball, Lucky Day Lotto, My3, Pick 3, and Pick 4 games by a
4 lottery licensee pursuant to the Department's rules.

5 (c) There is created the Internet Lottery Study Committee
6 as an advisory body within the Department. The Department shall
7 conduct a study to determine the impact of the Internet pilot
8 program on lottery licensees. The Department shall also
9 determine the feasibility of the sale of stored value cards by
10 lottery licensees as a non-exclusive option for use by
11 individuals 18 years of age or older who purchase tickets for
12 authorized lottery games in the Internet pilot program. For the
13 purposes of this study, it is anticipated that the stored value
14 cards will have, but need not be limited to, the following
15 characteristics: (1) the cards will be available only to
16 individuals 18 years of age and older; (2) the cards will be
17 rechargeable, closed-loop cards that can only be loaded with
18 cash; (3) the cards will have unique identifying numbers to be
19 used for on-line play; (4) the cards will have on-line play
20 subtracted from the card's value; (5) the cards may have
21 on-line winnings added to them; (6) the cards will be used at
22 Lottery retailers to cash out winnings of up to \$600; and (7)
23 the cards will meet all technological, programming, and
24 security requirements mandated by the Department and the
25 governing bodies of both Mega Millions and Powerball.

26 To the fullest extent possible, but subject to available

1 resources, the Department shall ensure that the study evaluates
2 and analyzes at least the following issues:

3 (1) economic benefits to the State from Internet
4 Lottery sales from stored value cards and from resulting
5 sales taxes;

6 (2) economic benefits to local governments from sales
7 taxes generated from Internet Lottery sales through stored
8 value cards;

9 (3) economic benefits to Lottery retailers from
10 Internet Lottery sales and from ancillary retail product
11 sales in connection with the same;

12 (4) enhanced player age verification from face-to-face
13 interaction;

14 (5) enhanced control of gambling addiction from
15 face-to-face interaction;

16 (6) elimination of credit card overspending through
17 the use of stored value cards and resulting reduced debt
18 issues;

19 (7) the feasibility of the utilization of existing
20 Lottery machines to dispense stored value cards;

21 (8) the technological, programming, and security
22 requirements to make stored value cards an appropriate
23 sales alternative; and

24 (9) the cost and project time estimates for
25 implementation, including adaptation of existing Lottery
26 machines, programming, and technology enhancements and

1 impact to operations.

2 The Study Committee shall consist of the Superintendent or
3 his or her designee; the chief executive officer of the
4 Lottery's private manager or his or her designee; a
5 representative appointed by the Governor's Office; 2
6 representatives of the lottery licensee community appointed by
7 the Superintendent; one representative of a statewide
8 association representing food retailers appointed by the
9 Superintendent; and one representative of a statewide
10 association representing retail merchants appointed by the
11 Superintendent.

12 Members of the Study Committee shall be appointed within 30
13 days after the effective date of this amendatory Act of the
14 97th General Assembly. No later than 6 months after the
15 effective date of this amendatory Act of the 97th General
16 Assembly, the Department shall provide to the members of the
17 Study Committee the proposed findings and recommendations of
18 the study in order to solicit input from the Study Committee.
19 Within 30 calendar days thereafter, the Study Committee shall
20 convene a meeting of the members to discuss the proposed
21 findings and recommendations of the study. No later than 15
22 calendar days after meeting, the Study Committee shall submit
23 to the Department any written changes, additions, or
24 corrections the Study Committee wishes the Department to make
25 to the study. The Department shall consider the propriety of
26 and respond to each change, addition, or correction offered by

1 the Study Committee in the study. The Department shall also set
2 forth any such change, addition, or correction offered by
3 members of the Study Committee and the Department's responses
4 thereto in the appendix to the study. No later than 15 calendar
5 days after receiving the changes, additions, or corrections
6 offered by the Study Committee, the Department shall deliver
7 copies of the final study and appendices, if any, to the
8 Governor, President of the Senate, Minority Leader of the
9 Senate, Speaker of the House of Representatives, Minority
10 Leader of the House of Representatives, and each of the members
11 of the Study Committee.

12 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-840,
13 eff. 12-23-09; 97-464, eff. 10-15-11; 97-1121, eff. 8-27-12.)

14 Section 99. Effective date. This Act takes effect upon
15 becoming law.