



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB2325

Introduced 1/24/2018, by Sen. Dale Fowler

SYNOPSIS AS INTRODUCED:

230 ILCS 10/6	from Ch. 120, par. 2406
230 ILCS 10/7	from Ch. 120, par. 2407
230 ILCS 10/7.3	
230 ILCS 10/7.5	
230 ILCS 10/7.12 new	

Amends the Riverboat Gambling Act. Provides that the Illinois Gaming Board may issue one owners license authorizing the conduct of riverboat gambling in the unincorporated area of Williamson County adjacent to the Big Muddy River. Contains provisions concerning applying for and issuing the owners license. Provides that an applicant for the owners license shall pay a non-refundable application fee of \$100,000 and a non-refundable fee of \$50,000 to defray background investigation costs. Provides that the license fee shall be \$100,000 plus a minimum initial fee of \$17,500 per gaming position. Provides that the licensee shall make a specified reconciliation payment 3 years after the licensee begins operating. Excludes the licensee from provisions entitling riverboat licensees to own up to 2 riverboats. Provides that the licensee shall limit the number of gaming positions to 1,200. Provides that the owners license may be issued pursuant to a competitive bidding process. Makes other changes. Effective January 1, 2019.

LRB100 16759 MJP 31899 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 Riverboat Gambling Act is amended by
5 changing Sections 6, 7, 7.3, and 7.5 and by adding Section 7.12
6 as follows:

7 (230 ILCS 10/6) (from Ch. 120, par. 2406)

8 Sec. 6. Application for Owners License.

9 (a) A qualified person may apply to the Board for an owners
10 license to conduct a riverboat gambling operation as provided
11 in this Act. The application shall be made on forms provided by
12 the Board and shall contain such information as the Board
13 prescribes, including but not limited to the identity of the
14 riverboat on which such gambling operation is to be conducted
15 and the exact location where such riverboat will be docked, a
16 certification that the riverboat will be registered under this
17 Act at all times during which gambling operations are conducted
18 on board, detailed information regarding the ownership and
19 management of the applicant, and detailed personal information
20 regarding the applicant. Any application for an owners license
21 to be re-issued on or after June 1, 2003 shall also include the
22 applicant's license bid in a form prescribed by the Board.
23 Information provided on the application shall be used as a

1 basis for a thorough background investigation which the Board
2 shall conduct with respect to each applicant. An incomplete
3 application shall be cause for denial of a license by the
4 Board.

5 (b) Applicants shall submit with their application all
6 documents, resolutions, and letters of support from the
7 governing body that represents the municipality or county
8 wherein the licensee will dock.

9 (c) Each applicant shall disclose the identity of every
10 person, association, trust or corporation having a greater than
11 1% direct or indirect pecuniary interest in the riverboat
12 gambling operation with respect to which the license is sought.
13 If the disclosed entity is a trust, the application shall
14 disclose the names and addresses of the beneficiaries; if a
15 corporation, the names and addresses of all stockholders and
16 directors; if a partnership, the names and addresses of all
17 partners, both general and limited.

18 (d) An application shall be filed and considered in
19 accordance with the rules of the Board. An application fee of
20 \$50,000 shall be paid at the time of filing to defray the costs
21 associated with the background investigation conducted by the
22 Board, except an applicant for an owners license under
23 subsection (e-5) of Section 7 shall pay a non-refundable
24 application fee of \$100,000 and a non-refundable fee of \$50,000
25 to defray the costs associated with the background
26 investigation. If the costs of the investigation exceed

1 \$50,000, the applicant shall pay the additional amount to the
2 Board. If the costs of the investigation are less than \$50,000,
3 the applicant shall receive a refund of the remaining amount.
4 All information, records, interviews, reports, statements,
5 memoranda or other data supplied to or used by the Board in the
6 course of its review or investigation of an application for a
7 license or a renewal under this Act shall be privileged,
8 strictly confidential and shall be used only for the purpose of
9 evaluating an applicant for a license or a renewal. Such
10 information, records, interviews, reports, statements,
11 memoranda or other data shall not be admissible as evidence,
12 nor discoverable in any action of any kind in any court or
13 before any tribunal, board, agency or person, except for any
14 action deemed necessary by the Board.

15 (e) The Board shall charge each applicant a fee set by the
16 Department of State Police to defray the costs associated with
17 the search and classification of fingerprints obtained by the
18 Board with respect to the applicant's application. These fees
19 shall be paid into the State Police Services Fund.

20 (f) The licensed owner shall be the person primarily
21 responsible for the boat itself. Only one riverboat gambling
22 operation may be authorized by the Board on any riverboat. The
23 applicant must identify each riverboat it intends to use and
24 certify that the riverboat: (1) has the authorized capacity
25 required in this Act; (2) is accessible to persons with
26 disabilities; and (3) is fully registered and licensed in

1 accordance with any applicable laws.

2 (g) A person who knowingly makes a false statement on an
3 application is guilty of a Class A misdemeanor.

4 (Source: P.A. 99-143, eff. 7-27-15.)

5 (230 ILCS 10/7) (from Ch. 120, par. 2407)

6 Sec. 7. Owners licenses.

7 (a) Except for the owners license authorized under
8 subsection (e-5), the ~~The~~ Board shall issue owners licenses to
9 persons, firms or corporations which apply for such licenses
10 upon payment to the Board of the non-refundable license fee set
11 by the Board, upon payment of a \$25,000 license fee for the
12 first year of operation and a \$5,000 license fee for each
13 succeeding year and upon a determination by the Board that the
14 applicant is eligible for an owners license pursuant to this
15 Act and the rules of the Board. For the owners license
16 authorized under subsection (e-5), the Board shall issue the
17 owners license to a person, firm, or corporation that applies
18 for the license upon payment to the Board of the non-refundable
19 license fee provided in subsection (e-10) and upon a
20 determination by the Board that the applicant is eligible for
21 an owners license under this Act and the rules of the Board.
22 From the effective date of this amendatory Act of the 95th
23 General Assembly until (i) 3 years after the effective date of
24 this amendatory Act of the 95th General Assembly, (ii) the date
25 any organization licensee begins to operate a slot machine or

1 video game of chance under the Illinois Horse Racing Act of
2 1975 or this Act, (iii) the date that payments begin under
3 subsection (c-5) of Section 13 of the Act, or (iv) the wagering
4 tax imposed under Section 13 of this Act is increased by law to
5 reflect a tax rate that is at least as stringent or more
6 stringent than the tax rate contained in subsection (a-3) of
7 Section 13, whichever occurs first, as a condition of licensure
8 and as an alternative source of payment for those funds payable
9 under subsection (c-5) of Section 13 of this ~~the Riverboat~~
10 ~~Gambling~~ Act, any owners licensee that holds or receives its
11 owners license on or after the effective date of this
12 amendatory Act of the 94th General Assembly, other than an
13 owners licensee operating a riverboat with adjusted gross
14 receipts in calendar year 2004 of less than \$200,000,000, must
15 pay into the Horse Racing Equity Trust Fund, in addition to any
16 other payments required under this Act, an amount equal to 3%
17 of the adjusted gross receipts received by the owners licensee.
18 The payments required under this Section shall be made by the
19 owners licensee to the State Treasurer no later than 3:00
20 o'clock p.m. of the day after the day when the adjusted gross
21 receipts were received by the owners licensee. A person, firm
22 or corporation is ineligible to receive an owners license if:

23 (1) the person has been convicted of a felony under the
24 laws of this State, any other state, or the United States;

25 (2) the person has been convicted of any violation of
26 Article 28 of the Criminal Code of 1961 or the Criminal

1 Code of 2012, or substantially similar laws of any other
2 jurisdiction;

3 (3) the person has submitted an application for a
4 license under this Act which contains false information;

5 (4) the person is a member of the Board;

6 (5) a person defined in (1), (2), (3) or (4) is an
7 officer, director or managerial employee of the firm or
8 corporation;

9 (6) the firm or corporation employs a person defined in
10 (1), (2), (3) or (4) who participates in the management or
11 operation of gambling operations authorized under this
12 Act;

13 (7) (blank); or

14 (8) a license of the person, firm or corporation issued
15 under this Act, or a license to own or operate gambling
16 facilities in any other jurisdiction, has been revoked.

17 The Board is expressly prohibited from making changes to
18 the requirement that licensees make payment into the Horse
19 Racing Equity Trust Fund without the express authority of the
20 Illinois General Assembly and making any other rule to
21 implement or interpret this amendatory Act of the 95th General
22 Assembly. For the purposes of this paragraph, "rules" is given
23 the meaning given to that term in Section 1-70 of the Illinois
24 Administrative Procedure Act.

25 (b) In determining whether to grant an owners license to an
26 applicant, the Board shall consider:

1 (1) the character, reputation, experience and
2 financial integrity of the applicants and of any other or
3 separate person that either:

4 (A) controls, directly or indirectly, such
5 applicant, or

6 (B) is controlled, directly or indirectly, by such
7 applicant or by a person which controls, directly or
8 indirectly, such applicant;

9 (2) the facilities or proposed facilities for the
10 conduct of riverboat gambling;

11 (3) the highest prospective total revenue to be derived
12 by the State from the conduct of riverboat gambling;

13 (4) the extent to which the ownership of the applicant
14 reflects the diversity of the State by including minority
15 persons, women, and persons with a disability and the good
16 faith affirmative action plan of each applicant to recruit,
17 train and upgrade minority persons, women, and persons with
18 a disability in all employment classifications;

19 (5) the financial ability of the applicant to purchase
20 and maintain adequate liability and casualty insurance;

21 (6) whether the applicant has adequate capitalization
22 to provide and maintain, for the duration of a license, a
23 riverboat;

24 (7) the extent to which the applicant exceeds or meets
25 other standards for the issuance of an owners license which
26 the Board may adopt by rule; and

1 (8) the ~~The~~ amount of the applicant's license bid.

2 (c) Each owners license shall specify the place where
3 riverboats shall operate and dock.

4 (d) Each applicant shall submit with his application, on
5 forms provided by the Board, 2 sets of his fingerprints.

6 (e) In addition to the license authorized under subsection
7 (e-5) of this Section, the ~~The~~ Board may issue up to 10
8 licenses authorizing the holders of such licenses to own
9 riverboats. In the application for an owners license, the
10 applicant shall state the dock at which the riverboat is based
11 and the water on which the riverboat will be located. The Board
12 shall issue 5 licenses to become effective not earlier than
13 January 1, 1991. Three of such licenses shall authorize
14 riverboat gambling on the Mississippi River, or, with approval
15 by the municipality in which the riverboat was docked on August
16 7, 2003 and with Board approval, be authorized to relocate to a
17 new location, in a municipality that (1) borders on the
18 Mississippi River or is within 5 miles of the city limits of a
19 municipality that borders on the Mississippi River and (2), on
20 August 7, 2003, had a riverboat conducting riverboat gambling
21 operations pursuant to a license issued under this Act; one of
22 which shall authorize riverboat gambling from a home dock in
23 the city of East St. Louis. One other license shall authorize
24 riverboat gambling on the Illinois River south of Marshall
25 County. The Board shall issue one additional license to become
26 effective not earlier than March 1, 1992, which shall authorize

1 riverboat gambling on the Des Plaines River in Will County. The
2 Board may issue 4 additional licenses to become effective not
3 earlier than March 1, 1992. In determining the water upon which
4 riverboats will operate, the Board shall consider the economic
5 benefit which riverboat gambling confers on the State, and
6 shall seek to assure that all regions of the State share in the
7 economic benefits of riverboat gambling.

8 In granting all licenses, the Board may give favorable
9 consideration to economically depressed areas of the State, to
10 applicants presenting plans which provide for significant
11 economic development over a large geographic area, and to
12 applicants who currently operate non-gambling riverboats in
13 Illinois. The Board shall review all applications for owners
14 licenses, and shall inform each applicant of the Board's
15 decision. The Board may grant an owners license to an applicant
16 that has not submitted the highest license bid, but if it does
17 not select the highest bidder, the Board shall issue a written
18 decision explaining why another applicant was selected and
19 identifying the factors set forth in this Section that favored
20 the winning bidder.

21 (e-5) In addition to licenses authorized under subsection
22 (e) of this Section, the Board may issue one owners license
23 authorizing the conduct of riverboat gambling in the
24 unincorporated area of Williamson County adjacent to the Big
25 Muddy River.

26 Each application for a license pursuant to this subsection

1 (e-5) shall be submitted to the Board no later than 120 days
2 after the effective date of this amendatory Act of the 100th
3 General Assembly and shall include the non-refundable
4 application fee and the non-refundable background
5 investigation fee as provided in subsection (d) of Section 6 of
6 this Act. In the event that an applicant submits an application
7 for a license pursuant to this subsection (e-5) prior to the
8 effective date of this amendatory Act of the 100th General
9 Assembly, such applicant shall submit the non-refundable
10 application fee and background investigation fee as provided in
11 subsection (d) of Section 6 of this Act no later than 6 months
12 after the effective date of this amendatory Act of the 100th
13 General Assembly.

14 The Board shall consider issuing a license pursuant to this
15 subsection only after the county board of the county in which
16 the riverboat shall be located has certified to the Board the
17 following:

18 (i) that the applicant has negotiated with the county
19 board in good faith;

20 (ii) that the applicant and the county board have
21 mutually agreed on the permanent location of the riverboat;

22 (iii) that the applicant and the county board have
23 mutually agreed on the temporary location of the riverboat;

24 (iv) that the applicant and the county board have
25 mutually agreed on the percentage of revenues that will be
26 shared with the county, if any; and

1 (v) that the applicant and the county board have
2 mutually agreed on any zoning, licensing, public health, or
3 other issues that are within the jurisdiction of the
4 county.

5 At least 7 days before the county board of the county
6 submits a certification to the Board concerning items (i)
7 through (v) of this subsection, it shall hold a public hearing
8 to discuss items (i) through (v), as well as any other details
9 concerning the proposed riverboat in the county. The county
10 board must subsequently memorialize the details concerning the
11 proposed riverboat in a resolution that must be adopted by a
12 majority of the county board before any certification is sent
13 to the Board. The Board shall not alter, amend, change, or
14 otherwise interfere with any agreement between the applicant
15 and the county board of the county regarding the location of
16 any temporary or permanent facility.

17 (e-10) The license authorized under subsection (e-5) of
18 this Section shall be issued within 12 months after the date
19 the license application is submitted. If the Board does not
20 issue the license within that time period, then the Board shall
21 give a written explanation to the applicant as to why it has
22 not reached a determination and when it reasonably expects to
23 make a determination. The fee for the issuance or renewal of a
24 license issued pursuant to this subsection (e-10) shall be
25 \$100,000. Additionally, a licensee shall pay a minimum initial
26 fee of \$17,500 per gaming position. The initial fees payable

1 under this subsection (e-10) shall be deposited into the Gaming
2 Facilities Fee Revenue Fund.

3 (e-15) The licensee of a license authorized under
4 subsection (e-5) of this Section shall make a reconciliation
5 payment 3 years after the date the licensee begins operating in
6 an amount equal to 75% of the adjusted gross receipts for the
7 most lucrative 12-month period of operations, minus an amount
8 equal to the initial payment per gaming position paid by the
9 specific licensee. If this calculation results in a negative
10 amount, then the licensee is not entitled to any reimbursement
11 of fees previously paid. This reconciliation payment may be
12 made in installments over a period of no more than 2 years,
13 subject to Board approval. Any installment payments shall
14 include an annual market interest rate as determined by the
15 Board. All payments by licensees under this subsection (e-15)
16 shall be deposited into the Gaming Facilities Fee Revenue Fund.

17 (e-20) In addition to any other revocation powers granted
18 to the Board under this Act, the Board may revoke the owners
19 license of a licensee which fails to begin conducting gambling
20 within 15 months of receipt of the Board's approval of the
21 application if the Board determines that license revocation is
22 in the best interests of the State.

23 (f) The first 10 owners licenses issued under this Act
24 shall permit the holder to own up to 2 riverboats and equipment
25 thereon for a period of 3 years after the effective date of the
26 license. Holders of the first 10 owners licenses must pay the

1 annual license fee for each of the 3 years during which they
2 are authorized to own riverboats.

3 (g) Upon the termination, expiration, or revocation of each
4 of the first 10 licenses, which shall be issued for a 3 year
5 period, all licenses are renewable annually upon payment of the
6 fee and a determination by the Board that the licensee
7 continues to meet all of the requirements of this Act and the
8 Board's rules. However, for licenses renewed on or after May 1,
9 1998, renewal shall be for a period of 4 years, unless the
10 Board sets a shorter period.

11 (h) An owners license, except for an owners license
12 authorized under subsection (e-5) of this Section, shall
13 entitle the licensee to own up to 2 riverboats.

14 A licensee authorized under subsection (e) shall limit the
15 number of gambling participants to 1,200 for any such owners
16 license. The owners license authorized under subsection (e-5)
17 shall limit the number of gaming positions to 1,200. The
18 initial fee for each gaming position obtained on or after the
19 effective date of this amendatory Act of the 100th General
20 Assembly by the owners license authorized under subsection
21 (e-5) shall be a minimum of \$17,500 for the licensee, in
22 addition to the reconciliation payment, as set forth in
23 subsection (e-15) of this Section. The fees under this
24 subsection (h) shall be deposited into the Gaming Facilities
25 Fee Revenue Fund.

26 The owners license authorized under subsection (e-5) shall

1 reserve its gaming positions within 90 days after issuance of
2 its owners license. The Board may grant an extension to this
3 90-day period, provided that the owners licensee submits a
4 written request and explanation as to why it is unable to
5 reserve its positions within the 90-day period.

6 A licensee may operate both of its riverboats concurrently,
7 provided that the total number of gambling participants on both
8 riverboats does not exceed 1,200. Riverboats licensed to
9 operate on the Mississippi River and the Illinois River south
10 of Marshall County shall have an authorized capacity of at
11 least 500 persons. Any other riverboat licensed under this Act
12 shall have an authorized capacity of at least 400 persons.

13 (i) A licensed owner is authorized to apply to the Board
14 for and, if approved therefor, to receive all licenses from the
15 Board necessary for the operation of a riverboat, including a
16 liquor license, a license to prepare and serve food for human
17 consumption, and other necessary licenses. All use, occupation
18 and excise taxes which apply to the sale of food and beverages
19 in this State and all taxes imposed on the sale or use of
20 tangible personal property apply to such sales aboard the
21 riverboat.

22 (j) The Board may issue or re-issue a license authorizing a
23 riverboat to dock in a municipality or approve a relocation
24 under Section 11.2 only if, prior to the issuance or
25 re-issuance of the license or approval, the governing body of
26 the municipality in which the riverboat will dock has by a

1 majority vote approved the docking of riverboats in the
2 municipality. The Board may issue or re-issue a license
3 authorizing a riverboat to dock in areas of a county outside
4 any municipality or approve a relocation under Section 11.2
5 only if, prior to the issuance or re-issuance of the license or
6 approval, the governing body of the county has by a majority
7 vote approved of the docking of riverboats within such areas.

8 (Source: P.A. 100-391, eff. 8-25-17.)

9 (230 ILCS 10/7.3)

10 Sec. 7.3. State conduct of gambling operations.

11 (a) If, after reviewing each application for a re-issued
12 license, the Board determines that the highest prospective
13 total revenue to the State would be derived from State conduct
14 of the gambling operation in lieu of re-issuing the license,
15 the Board shall inform each applicant of its decision. The
16 Board shall thereafter have the authority, without obtaining an
17 owners license, to conduct riverboat gambling operations as
18 previously authorized by the terminated, expired, revoked, or
19 nonrenewed license through a licensed manager selected
20 pursuant to an open and competitive bidding process as set
21 forth in Section 7.5 and as provided in Section 7.4.

22 (b) The Board may locate any riverboat on which a gambling
23 operation is conducted by the State in any home dock location
24 authorized by Section 3(c) upon receipt of approval from a
25 majority vote of the governing body of the municipality or

1 county, as the case may be, in which the riverboat will dock.

2 (c) The Board shall have jurisdiction over and shall
3 supervise all gambling operations conducted by the State
4 provided for in this Act and shall have all powers necessary
5 and proper to fully and effectively execute the provisions of
6 this Act relating to gambling operations conducted by the
7 State.

8 (d) The maximum number of owners licenses authorized under
9 Section 7 ~~7(e)~~ shall be reduced by one for each instance in
10 which the Board authorizes the State to conduct a riverboat
11 gambling operation under subsection (a) in lieu of re-issuing a
12 license to an applicant under Section 7.1.

13 (Source: P.A. 93-28, eff. 6-20-03.)

14 (230 ILCS 10/7.5)

15 Sec. 7.5. Competitive Bidding. When the Board determines
16 that (i) it will re-issue an owners license pursuant to an open
17 and competitive bidding process, as set forth in Section 7.1,
18 (ii) ~~or that~~ it will issue a managers license pursuant to an
19 open and competitive bidding process, as set forth in Section
20 7.4, or (iii) it will issue an owners license pursuant to an
21 open and competitive bidding process, as set forth in Section
22 7.12, the open and competitive bidding process shall adhere to
23 the following procedures:

24 (1) The Board shall make applications for owners and
25 managers licenses available to the public and allow a

1 reasonable time for applicants to submit applications to the
2 Board.

3 (2) During the filing period for owners or managers license
4 applications, the Board may retain the services of an
5 investment banking firm to assist the Board in conducting the
6 open and competitive bidding process.

7 (3) After receiving all of the bid proposals, the Board
8 shall open all of the proposals in a public forum and disclose
9 the prospective owners or managers names, venture partners, if
10 any, and, in the case of applicants for owners licenses, the
11 locations of the proposed development sites.

12 (4) The Board shall summarize the terms of the proposals
13 and may make this summary available to the public.

14 (5) The Board shall evaluate the proposals within a
15 reasonable time and select no more than 3 final applicants to
16 make presentations of their proposals to the Board.

17 (6) The final applicants shall make their presentations to
18 the Board on the same day during an open session of the Board.

19 (7) As soon as practicable after the public presentations
20 by the final applicants, the Board, in its discretion, may
21 conduct further negotiations among the 3 final applicants.
22 During such negotiations, each final applicant may increase its
23 license bid or otherwise enhance its bid proposal. At the
24 conclusion of such negotiations, the Board shall select the
25 winning proposal. In the case of negotiations for an owners
26 license, the Board may, at the conclusion of such negotiations,

1 make the determination allowed under Section 7.3(a).

2 (8) Upon selection of a winning bid, the Board shall
3 evaluate the winning bid within a reasonable period of time for
4 licensee suitability in accordance with all applicable
5 statutory and regulatory criteria.

6 (9) If the winning bidder is unable or otherwise fails to
7 consummate the transaction, (including if the Board determines
8 that the winning bidder does not satisfy the suitability
9 requirements), the Board may, on the same criteria, select from
10 the remaining bidders or make the determination allowed under
11 Section 7.3(a).

12 (Source: P.A. 93-28, eff. 6-20-03.)

13 (230 ILCS 10/7.12 new)

14 Sec. 7.12. Issuance of new owners license.

15 (a) The owners license newly authorized pursuant to this
16 amendatory Act of the 100th General Assembly may be issued by
17 the Board to a qualified applicant pursuant to an open and
18 competitive bidding process, as set forth in Section 7.5.

19 (b) To be a qualified applicant, a person or entity may not
20 be ineligible to receive an owners license under subsection (a)
21 of Section 7 of this Act and must submit an application for an
22 owners license that complies with Section 6 of this Act.

23 (c) In determining whether to grant an owners license to an
24 applicant, the Board shall consider all of the factors set
25 forth in subsections (b) and (e-5) of Section 7 of this Act, as

1 well as the amount of the applicant's license bid. The Board
2 may grant the owners license to an applicant that has not
3 submitted the highest license bid, but if it does not select
4 the highest bidder, the Board shall issue a written decision
5 explaining why another applicant was selected and identifying
6 the factors set forth in subsections (b) and (e-5) of Section 7
7 of this Act that favored the winning bidder.

8 Section 99. Effective date. This Act takes effect January
9 1, 2019.