



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB4992

Introduced 1/21/2010, by Rep. LaShawn K. Ford

SYNOPSIS AS INTRODUCED:

20 ILCS 1605/2	from Ch. 120, par. 1152
20 ILCS 1605/7.2	from Ch. 120, par. 1157.2
20 ILCS 1605/9	from Ch. 120, par. 1159
20 ILCS 1605/9.1	
20 ILCS 1605/19	from Ch. 120, par. 1169
20 ILCS 1605/20	from Ch. 120, par. 1170
20 ILCS 1605/20.1	from Ch. 120, par. 1170.1
20 ILCS 1605/20.2 new	
105 ILCS 5/2-3.153 new	

Amends the Illinois Lottery Law. Creates the Lottery Supports Schools Fund. Provides that certain lottery proceeds that are deposited into the Common School Fund shall be deposited into the Lottery Supports Schools Fund. Provides that moneys in the Lottery Supports Schools Fund shall be distributed to school districts based on the district's percentage of lottery sales. Provides that the Act takes effect when the State Board of Education certifies to the Secretary of State and the Illinois Department of Revenue that the amount by which the amendatory Act reduces the amounts otherwise available for distribution under the general State aid formula has been replaced by other revenue sources.

LRB096 16708 HLH 31996 b

FISCAL NOTE ACT
MAY APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 Sections 2, 7.2, 9, 9.1, 19, 20, and 20.1 and by adding Section
6 20.2 as follows:

7 (20 ILCS 1605/2) (from Ch. 120, par. 1152)

8 Sec. 2. This Act is enacted to implement and establish
9 within the State a lottery to be conducted by the State through
10 the Department. The entire net proceeds of the Lottery are to
11 be used for the support of the State's Lottery Supports Schools
12 Fund ~~Common School Fund~~, except as provided in subsection (o)
13 of Section 9.1 and Sections 21.2, 21.5, 21.6, 21.7, and 21.8.
14 The General Assembly finds that it is in the public interest
15 for the Department to conduct the functions of the Lottery with
16 the assistance of a private manager under a management
17 agreement overseen by the Department. The Department shall be
18 accountable to the General Assembly and the people of the State
19 through a comprehensive system of regulation, audits, reports,
20 and enduring operational oversight. The Department's ongoing
21 conduct of the Lottery through a management agreement with a
22 private manager shall act to promote and ensure the integrity,
23 security, honesty, and fairness of the Lottery's operation and

1 administration. It is the intent of the General Assembly that
2 the Department shall conduct the Lottery with the assistance of
3 a private manager under a management agreement at all times in
4 a manner consistent with 18 U.S.C. 1307(a)(1), 1307(b)(1),
5 1953(b)(4).

6 (Source: P.A. 95-331, eff. 8-21-07; 95-673, eff. 10-11-07;
7 95-674, eff. 10-11-07; 95-876, eff. 8-21-08; 96-34, eff.
8 7-13-09.)

9 (20 ILCS 1605/7.2) (from Ch. 120, par. 1157.2)

10 Sec. 7.2. The rules and regulations of the Department may
11 include, but shall not be limited to, the following:

12 (1) The types of lotteries to be conducted;

13 (2) The price, or prices, of tickets or shares in the
14 lottery;

15 (3) The numbers and sizes of the prizes on the winning
16 tickets or shares;

17 (4) The manner of selecting the winning tickets or shares;

18 (5) The manner of payment of prizes to the holders of
19 winning tickets or shares;

20 (6) The frequency of the drawing or selections of winning
21 tickets or shares, without limitation;

22 (7) Without limit to number, the type or types of locations
23 at which tickets or shares may be sold;

24 (8) The method to be used in selling tickets or shares;

25 (9) The manner and amount of compensation, if any, to be

1 paid licensed sales agents necessary to provide for the
2 adequate availability of tickets or shares to prospective
3 buyers and for the convenience of the public;

4 (10) The apportionment of the total revenues accruing from
5 the sale of lottery tickets or shares and from all other
6 sources among (i) the payment of prizes to the holders of
7 winning tickets or shares, (ii) the payment of costs incurred
8 in the operation and administration of the lottery, including
9 the expenses of the Department and the costs resulting from any
10 contract or contracts entered into for promotional,
11 advertising or operational services or for the purchase or
12 lease of lottery equipment and materials, and (iii) for monthly
13 transfers to the Lottery Supports Schools Fund ~~Common School~~
14 ~~Fund~~. The net revenues accruing from the sale of lottery
15 tickets shall be determined by deducting from total revenues
16 the payments required by paragraphs (i) and (ii) of this
17 subsection.

18 (11) Such other matters necessary or desirable for the
19 efficient and economical operation and administration of the
20 lottery and for the convenience of the purchasers of tickets or
21 shares and the holders of winning tickets or shares.

22 Any rules and regulations of the Department with respect to
23 monthly transfers to the Lottery Supports Schools Fund ~~Common~~
24 ~~School Fund~~ are subject to Section 21.2.

25 (Source: P.A. 84-1128.)

1 (20 ILCS 1605/9) (from Ch. 120, par. 1159)

2 Sec. 9. The Superintendent, as administrative head of the
3 Division, shall direct and supervise all its administrative and
4 technical activities and shall report to the Director. In
5 addition to the duties imposed upon him elsewhere in this Act,
6 it shall be the Superintendent's duty:

7 a. To supervise and administer the operation of the lottery
8 in accordance with the provisions of this Act or such rules and
9 regulations of the Department adopted thereunder.

10 b. To attend meetings of the Board or to appoint a designee
11 to attend in his stead.

12 c. To employ and direct such personnel in accord with the
13 Personnel Code, as may be necessary to carry out the purposes
14 of this Act. The Superintendent may, subject to the approval of
15 the Director, use the services, personnel, or facilities of the
16 Department. In addition, the Superintendent may by agreement
17 secure such services as he or she may deem necessary from any
18 other department, agency, or unit of the State government, and
19 may employ and compensate such consultants and technical
20 assistants as may be required and is otherwise permitted by
21 law.

22 d. To license, in accordance with the provisions of
23 Sections 10 and 10.1 of this Act and the rules and regulations
24 of the Department adopted thereunder, as agents to sell lottery
25 tickets such persons as in his opinion will best serve the
26 public convenience and promote the sale of tickets or shares.

1 The Superintendent may require a bond from every licensed
2 agent, in such amount as provided in the rules and regulations
3 of the Department. Every licensed agent shall prominently
4 display his license, or a copy thereof, as provided in the
5 rules and regulations of the Department.

6 e. To suspend or revoke any license issued pursuant to this
7 Act or the rules and regulations promulgated by the Department
8 thereunder.

9 f. To confer regularly as necessary or desirable and not
10 less than once every month with the Lottery Control Board on
11 the operation and administration of the Lottery; to make
12 available for inspection by the Board or any member of the
13 Board, upon request, all books, records, files, and other
14 information and documents of his office; to advise the Board
15 and recommend such rules and regulations and such other matters
16 as he deems necessary and advisable to improve the operation
17 and administration of the lottery.

18 g. To enter into contracts for the operation of the
19 lottery, or any part thereof, and into contracts for the
20 promotion of the lottery on behalf of the Department with any
21 person, firm or corporation, to perform any of the functions
22 provided for in this Act or the rules and regulations
23 promulgated thereunder. The Department shall not expend State
24 funds on a contractual basis for such functions unless those
25 functions and expenditures are expressly authorized by the
26 General Assembly.

1 h. To enter into an agreement or agreements with the
2 management of state lotteries operated pursuant to the laws of
3 other states for the purpose of creating and operating a
4 multi-state lottery game wherein a separate and distinct prize
5 pool would be combined to award larger prizes to the public
6 than could be offered by the several state lotteries,
7 individually. No tickets or shares offered in connection with a
8 multi-state lottery game shall be sold within the State of
9 Illinois, except those offered by and through the Department.
10 No such agreement shall purport to pledge the full faith and
11 credit of the State of Illinois, nor shall the Department
12 expend State funds on a contractual basis in connection with
13 any such game unless such expenditures are expressly authorized
14 by the General Assembly, provided, however, that in the event
15 of error or omission by the Illinois State Lottery in the
16 conduct of the game, as determined by the multi-state game
17 directors, the Department shall be authorized to pay a prize
18 winner or winners the lesser of a disputed prize or \$1,000,000,
19 any such payment to be made solely from funds appropriated for
20 game prize purposes. The Department shall be authorized to
21 share in the ordinary operating expenses of any such
22 multi-state lottery game, from funds appropriated by the
23 General Assembly, and in the event the multi-state game control
24 offices are physically located within the State of Illinois,
25 the Department is authorized to advance start-up operating
26 costs not to exceed \$150,000, subject to proportionate

1 reimbursement of such costs by the other participating state
2 lotteries. The Department shall be authorized to share
3 proportionately in the costs of establishing a liability
4 reserve fund from funds appropriated by the General Assembly.
5 The Department is authorized to transfer prize award funds
6 attributable to Illinois sales of multi-state lottery game
7 tickets to the multi-state control office, or its designated
8 depository, for deposit to such game pool account or accounts
9 as may be established by the multi-state game directors, the
10 records of which account or accounts shall be available at all
11 times for inspection in an audit by the Auditor General of
12 Illinois and any other auditors pursuant to the laws of the
13 State of Illinois. No multi-state game prize awarded to a
14 nonresident of Illinois, with respect to a ticket or share
15 purchased in a state other than the State of Illinois, shall be
16 deemed to be a prize awarded under this Act for the purpose of
17 taxation under the Illinois Income Tax Act. All of the net
18 revenues accruing from the sale of multi-state lottery tickets
19 or shares shall be transferred into the Lottery Supports
20 Schools Fund pursuant to Section 7.2. The Department shall
21 promulgate such rules as may be appropriate to implement the
22 provisions of this Section.

23 i. To make a continuous study and investigation of (1) the
24 operation and the administration of similar laws which may be
25 in effect in other states or countries, (2) any literature on
26 the subject which from time to time may be published or

1 available, (3) any Federal laws which may affect the operation
2 of the lottery, and (4) the reaction of Illinois citizens to
3 existing and potential features of the lottery with a view to
4 recommending or effecting changes that will tend to serve the
5 purposes of this Act.

6 j. To report monthly to the State Treasurer and the Lottery
7 Control Board a full and complete statement of lottery
8 revenues, prize disbursements and other expenses for each month
9 and the amounts to be transferred to the Common School Fund
10 pursuant to Section 7.2 or such other funds as are otherwise
11 authorized by Section 21.2 of this Act, and to make an annual
12 report, which shall include a full and complete statement of
13 lottery revenues, prize disbursements and other expenses, to
14 the Governor and the Board. All reports required by this
15 subsection shall be public and copies of all such reports shall
16 be sent to the Speaker of the House, the President of the
17 Senate, and the minority leaders of both houses.

18 (Source: P.A. 96-37, eff. 7-13-09.)

19 (20 ILCS 1605/9.1)

20 Sec. 9.1. Private manager and management agreement.

21 (a) As used in this Section:

22 "Offeror" means a person or group of persons that responds
23 to a request for qualifications under this Section.

24 "Request for qualifications" means all materials and
25 documents prepared by the Department to solicit the following

1 from offerors:

2 (1) Statements of qualifications.

3 (2) Proposals to enter into a management agreement,
4 including the identity of any prospective vendor or vendors
5 that the offeror intends to initially engage to assist the
6 offeror in performing its obligations under the management
7 agreement.

8 "Final offer" means the last proposal submitted by an
9 offeror in response to the request for qualifications,
10 including the identity of any prospective vendor or vendors
11 that the offeror intends to initially engage to assist the
12 offeror in performing its obligations under the management
13 agreement.

14 "Final offeror" means the offeror ultimately selected by
15 the Governor to be the private manager for the Lottery under
16 subsection (h) of this Section.

17 (b) By September 15, 2010, the Governor shall select a
18 private manager for the total management of the Lottery with
19 integrated functions, such as lottery game design, supply of
20 goods and services, and advertising and as specified in this
21 Section.

22 (c) Pursuant to the terms of this subsection, the
23 Department shall endeavor to expeditiously terminate the
24 existing contracts in support of the Lottery in effect on the
25 effective date of this amendatory Act of the 96th General
26 Assembly in connection with the selection of the private

1 manager. As part of its obligation to terminate these contracts
2 and select the private manager, the Department shall establish
3 a mutually agreeable timetable to transfer the functions of
4 existing contractors to the private manager so that existing
5 Lottery operations are not materially diminished or impaired
6 during the transition. To that end, the Department shall do the
7 following:

8 (1) where such contracts contain a provision
9 authorizing termination upon notice, the Department shall
10 provide notice of termination to occur upon the mutually
11 agreed timetable for transfer of functions;

12 (2) upon the expiration of any initial term or renewal
13 term of the current Lottery contracts, the Department shall
14 not renew such contract for a term extending beyond the
15 mutually agreed timetable for transfer of functions; or

16 (3) in the event any current contract provides for
17 termination of that contract upon the implementation of a
18 contract with the private manager, the Department shall
19 perform all necessary actions to terminate the contract on
20 the date that coincides with the mutually agreed timetable
21 for transfer of functions.

22 If the contracts to support the current operation of the
23 Lottery in effect on the effective date of this amendatory Act
24 of the 96th General Assembly are not subject to termination as
25 provided for in this subsection (c), then the Department may
26 include a provision in the contract with the private manager

1 specifying a mutually agreeable methodology for incorporation.

2 (c-5) The Department shall include provisions in the
3 management agreement whereby the private manager shall, for a
4 fee, and pursuant to a contract negotiated with the Department
5 (the "Employee Use Contract"), utilize the services of current
6 Department employees to assist in the administration and
7 operation of the Lottery. The Department shall be the employer
8 of all such bargaining unit employees assigned to perform such
9 work for the private manager, and such employees shall be State
10 employees, as defined by the Personnel Code. Department
11 employees shall operate under the same employment policies,
12 rules, regulations, and procedures, as other employees of the
13 Department. In addition, neither historical representation
14 rights under the Illinois Public Labor Relations Act, nor
15 existing collective bargaining agreements, shall be disturbed
16 by the management agreement with the private manager for the
17 management of the Lottery.

18 (d) The management agreement with the private manager shall
19 include all of the following:

20 (1) A term not to exceed 10 years, including any
21 renewals.

22 (2) A provision specifying that the Department:

23 (A) shall exercise actual control over all
24 significant business decisions;

25 (A-5) has the authority to direct or countermand
26 operating decisions by the private manager at any time;

1 (B) has ready access at any time to information
2 regarding Lottery operations;

3 (C) has the right to demand and receive information
4 from the private manager concerning any aspect of the
5 Lottery operations at any time; and

6 (D) retains ownership of all trade names,
7 trademarks, and intellectual property associated with
8 the Lottery.

9 (3) A provision imposing an affirmative duty on the
10 private manager to provide the Department with material
11 information and with any information the private manager
12 reasonably believes the Department would want to know to
13 enable the Department to conduct the Lottery.

14 (4) A provision requiring the private manager to
15 provide the Department with advance notice of any operating
16 decision that bears significantly on the public interest,
17 including, but not limited to, decisions on the kinds of
18 games to be offered to the public and decisions affecting
19 the relative risk and reward of the games being offered, so
20 the Department has a reasonable opportunity to evaluate and
21 countermand that decision.

22 (5) A provision providing for compensation of the
23 private manager that may consist of, among other things, a
24 fee for services and a performance based bonus as
25 consideration for managing the Lottery, including terms
26 that may provide the private manager with an increase in

1 compensation if Lottery revenues grow by a specified
2 percentage in a given year.

3 (6) (Blank).

4 (7) A provision requiring the deposit of all Lottery
5 proceeds to be deposited into the State Lottery Fund.

6 (8) A provision requiring the private manager to locate
7 its principal office within the State.

8 (8-5) A provision encouraging that at least 20% of the
9 cost of contracts entered into for goods and services by
10 the private manager in connection with its management of
11 the Lottery, other than contracts with sales agents or
12 technical advisors, be awarded to businesses that are a
13 minority owned business, a female owned business, or a
14 business owned by a person with disability, as those terms
15 are defined in the Business Enterprise for Minorities,
16 Females, and Persons with Disabilities Act.

17 (9) A requirement that so long as the private manager
18 complies with all the conditions of the agreement under the
19 oversight of the Department, the private manager shall have
20 the following duties and obligations with respect to the
21 management of the Lottery:

22 (A) The right to use equipment and other assets
23 used in the operation of the Lottery.

24 (B) The rights and obligations under contracts
25 with retailers and vendors.

26 (C) The implementation of a comprehensive security

1 program by the private manager.

2 (D) The implementation of a comprehensive system
3 of internal audits.

4 (E) The implementation of a program by the private
5 manager to curb compulsive gambling by persons playing
6 the Lottery.

7 (F) A system for determining (i) the type of
8 Lottery games, (ii) the method of selecting winning
9 tickets, (iii) the manner of payment of prizes to
10 holders of winning tickets, (iv) the frequency of
11 drawings of winning tickets, (v) the method to be used
12 in selling tickets, (vi) a system for verifying the
13 validity of tickets claimed to be winning tickets,
14 (vii) the basis upon which retailer commissions are
15 established by the manager, and (viii) minimum
16 payouts.

17 (10) A requirement that advertising and promotion must
18 be consistent with Section 7.8a of this Act.

19 (11) A requirement that the private manager market the
20 Lottery to those residents who are new, infrequent, or
21 lapsed players of the Lottery, especially those who are
22 most likely to make regular purchases on the Internet as
23 permitted by law.

24 (12) A code of ethics for the private manager's
25 officers and employees.

26 (13) A requirement that the Department monitor and

1 oversee the private manager's practices and take action
2 that the Department considers appropriate to ensure that
3 the private manager is in compliance with the terms of the
4 management agreement, while allowing the manager, unless
5 specifically prohibited by law or the management
6 agreement, to negotiate and sign its own contracts with
7 vendors.

8 (14) A provision requiring the private manager to
9 periodically file, at least on an annual basis, appropriate
10 financial statements in a form and manner acceptable to the
11 Department.

12 (15) Cash reserves requirements.

13 (16) Procedural requirements for obtaining the prior
14 approval of the Department when a management agreement or
15 an interest in a management agreement is sold, assigned,
16 transferred, or pledged as collateral to secure financing.

17 (17) Grounds for the termination of the management
18 agreement by the Department or the private manager.

19 (18) Procedures for amendment of the agreement.

20 (19) A provision requiring the private manager to
21 engage in an open and competitive bidding process for any
22 procurement having a cost in excess of \$50,000 that is not
23 a part of the private manager's final offer. The process
24 shall favor the selection of a vendor deemed to have
25 submitted a proposal that provides the Lottery with the
26 best overall value. The process shall not be subject to the

1 provisions of the Illinois Procurement Code, unless
2 specifically required by the management agreement.

3 (20) The transition of rights and obligations,
4 including any associated equipment or other assets used in
5 the operation of the Lottery, from the manager to any
6 successor manager of the lottery, including the
7 Department, following the termination of or foreclosure
8 upon the management agreement.

9 (21) Right of use of copyrights, trademarks, and
10 service marks held by the Department in the name of the
11 State. The agreement must provide that any use of them by
12 the manager shall only be for the purpose of fulfilling its
13 obligations under the management agreement during the term
14 of the agreement.

15 (e) Notwithstanding any other law to the contrary, the
16 Department shall select a private manager through a competitive
17 request for qualifications process consistent with Section
18 20-35 of the Illinois Procurement Code, which shall take into
19 account:

20 (1) the offeror's ability to market the Lottery to
21 those residents who are new, infrequent, or lapsed players
22 of the Lottery, especially those who are most likely to
23 make regular purchases on the Internet;

24 (2) the offeror's ability to address the State's
25 concern with the social effects of gambling on those who
26 can least afford to do so;

1 (3) the offeror's ability to provide the most
2 successful management of the Lottery for the benefit of the
3 people of the State based on current and past business
4 practices or plans of the offeror; and

5 (4) the offeror's poor or inadequate past performance
6 in servicing, equipping, operating or managing a lottery on
7 behalf of Illinois, another State or foreign government and
8 attracting persons who are not currently regular players of
9 a lottery.

10 (f) The Department may retain the services of an advisor or
11 advisors with significant experience in financial services or
12 the management, operation, and procurement of goods, services,
13 and equipment for a government-run lottery to assist in the
14 preparation of the terms of the request for qualifications and
15 selection of the private manager. Any prospective advisor
16 seeking to provide services under this subsection (f) shall
17 disclose any material business or financial relationship
18 during the past 3 years with any potential offeror, or with a
19 contractor or subcontractor presently providing goods,
20 services, or equipment to the Department to support the
21 Lottery. The Department shall evaluate the material business or
22 financial relationship of each prospective advisor. The
23 Department shall not select any prospective advisor with a
24 substantial business or financial relationship that the
25 Department deems to impair the objectivity of the services to
26 be provided by the prospective advisor. During the course of

1 the advisor's engagement by the Department, and for a period of
2 one year thereafter, the advisor shall not enter into any
3 business or financial relationship with any offeror or any
4 vendor identified to assist an offeror in performing its
5 obligations under the management agreement. Any advisor
6 retained by the Department shall be disqualified from being an
7 offeror. The Department shall not include terms in the request
8 for qualifications that provide a material advantage whether
9 directly or indirectly to any potential offeror, or any
10 contractor or subcontractor presently providing goods,
11 services, or equipment to the Department to support the
12 Lottery, including terms contained in previous responses to
13 requests for proposals or qualifications submitted to
14 Illinois, another State or foreign government when those terms
15 are uniquely associated with a particular potential offeror,
16 contractor, or subcontractor. The request for proposals
17 offered by the Department on December 22, 2008 as
18 "LOT08GAMESYS" and reference number "22016176" is declared
19 void.

20 (g) The Department shall select at least 2 offerors as
21 finalists to potentially serve as the private manager no later
22 than August 9, 2010. Upon making preliminary selections, the
23 Department shall schedule a public hearing on the finalists'
24 proposals and provide public notice of the hearing at least 7
25 calendar days before the hearing. The notice must include all
26 of the following:

- 1 (1) The date, time, and place of the hearing.
- 2 (2) The subject matter of the hearing.
- 3 (3) A brief description of the management agreement to
4 be awarded.
- 5 (4) The identity of the offerors that have been
6 selected as finalists to serve as the private manager.
- 7 (5) The address and telephone number of the Department.
- 8 (h) At the public hearing, the Department shall (i) provide
9 sufficient time for each finalist to present and explain its
10 proposal to the Department and the Governor or the Governor's
11 designee, including an opportunity to respond to questions
12 posed by the Department, Governor, or designee and (ii) allow
13 the public and non-selected offerors to comment on the
14 presentations. The Governor or a designee shall attend the
15 public hearing. After the public hearing, the Department shall
16 have 14 calendar days to recommend to the Governor whether a
17 management agreement should be entered into with a particular
18 finalist. After reviewing the Department's recommendation, the
19 Governor may accept or reject the Department's recommendation,
20 and shall select a final offeror as the private manager by
21 publication of a notice in the Illinois Procurement Bulletin on
22 or before September 15, 2010. The Governor shall include in the
23 notice a detailed explanation and the reasons why the final
24 offeror is superior to other offerors and will provide
25 management services in a manner that best achieves the
26 objectives of this Section. The Governor shall also sign the

1 management agreement with the private manager.

2 (i) Any action to contest the private manager selected by
3 the Governor under this Section must be brought within 7
4 calendar days after the publication of the notice of the
5 designation of the private manager as provided in subsection
6 (h) of this Section.

7 (j) The Lottery shall remain, for so long as a private
8 manager manages the Lottery in accordance with provisions of
9 this Act, a Lottery conducted by the State, and the State shall
10 not be authorized to sell or transfer the Lottery to a third
11 party.

12 (k) Any tangible personal property used exclusively in
13 connection with the lottery that is owned by the Department and
14 leased to the private manager shall be owned by the Department
15 in the name of the State and shall be considered to be public
16 property devoted to an essential public and governmental
17 function.

18 (l) The Department may exercise any of its powers under
19 this Section or any other law as necessary or desirable for the
20 execution of the Department's powers under this Section.

21 (m) Neither this Section nor any management agreement
22 entered into under this Section prohibits the General Assembly
23 from authorizing forms of gambling that are not in direct
24 competition with the Lottery.

25 (n) The private manager shall be subject to a complete
26 investigation in the third, seventh, and tenth years of the

1 agreement (if the agreement is for a 10-year term) by the
2 Department in cooperation with the Auditor General to determine
3 whether the private manager has complied with this Section and
4 the management agreement. The private manager shall bear the
5 cost of an investigation or reinvestigation of the private
6 manager under this subsection.

7 (o) The powers conferred by this Section are in addition
8 and supplemental to the powers conferred by any other law. If
9 any other law or rule is inconsistent with this Section,
10 including, but not limited to, provisions of the Illinois
11 Procurement Code, then this Section controls as to any
12 management agreement entered into under this Section. This
13 Section and any rules adopted under this Section contain full
14 and complete authority for a management agreement between the
15 Department and a private manager. No law, procedure,
16 proceeding, publication, notice, consent, approval, order, or
17 act by the Department or any other officer, Department, agency,
18 or instrumentality of the State or any political subdivision is
19 required for the Department to enter into a management
20 agreement under this Section. This Section contains full and
21 complete authority for the Department to approve any contracts
22 entered into by a private manager with a vendor providing
23 goods, services, or both goods and services to the private
24 manager under the terms of the management agreement.

25 Except as provided in Sections 21.2, 21.5, 21.6, 21.7, and
26 21.8, the Department shall distribute all proceeds of lottery

1 tickets and shares sold in the following priority and manner:

2 (1) The payment of prizes and retailer bonuses.

3 (2) The payment of costs incurred in the operation and
4 administration of the Lottery, including the payment of
5 sums due to the private manager under the management
6 agreement with the Department and payment of sums due to
7 the private vendor for lottery tickets and shares sold on
8 the Internet via the pilot program as compensation under
9 its contract with the Department.

10 (3) On the last day of each month or as soon thereafter
11 as possible, the State Comptroller shall direct and the
12 State Treasurer shall transfer from the Lottery Fund to the
13 Lottery Supports Schools Fund ~~Common School Fund~~ an amount
14 that is equal to the proceeds transferred in the
15 corresponding month of fiscal year 2009, as adjusted for
16 inflation, to the Common School Fund.

17 (4) On or before the last day of each fiscal year,
18 deposit any remaining proceeds, subject to payments under
19 items (1), (2), and (3) into the Capital Projects Fund each
20 fiscal year.

21 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-840,
22 eff. 12-23-09.)

23 (20 ILCS 1605/19) (from Ch. 120, par. 1169)

24 Sec. 19. Period for claiming prizes; unclaimed prizes. The
25 Division shall establish an appropriate period for the claiming

1 of prizes for each lottery game offered. Each claim period
2 shall be stated in game rules and written play instructions
3 issued by the Superintendent in accordance with Section 7.1 of
4 this Act. Written play instructions shall be made available to
5 all players through sales agents licensed to sell game tickets
6 or shares. Prizes for lottery games which involve the purchase
7 of a physical lottery ticket may be claimed only by
8 presentation of a valid winning lottery ticket that matches
9 validation records on file with the Lottery; no claim may be
10 honored which is based on the assertion that the ticket was
11 lost or stolen. No lottery ticket which has been altered,
12 mutilated, or fails to pass validation tests shall be deemed to
13 be a winning ticket.

14 If no claim is made for the money within the established
15 claim period, the prize may be included in the prize pool of
16 such special drawing or drawings as the Division may, from time
17 to time, designate. Unclaimed multi-state game prize money may
18 be included in the multi-state prize pool for such special
19 drawing or drawings as the multi-state game directors may, from
20 time to time, designate. Any bonuses offered by the Department
21 to sales agents who sell winning tickets or shares shall be
22 payable to such agents regardless of whether or not the prize
23 money on the ticket or share is claimed, provided that the
24 agent can be identified as the vendor of the winning ticket or
25 share, and that the winning ticket or share was sold on or
26 after January 1, 1984. All unclaimed prize money not included

1 in the prize pool of a special drawing shall be transferred to
2 the Lottery Supports Schools Fund ~~Common School Fund~~.

3 (Source: P.A. 94-776, eff. 5-19-06.)

4 (20 ILCS 1605/20) (from Ch. 120, par. 1170)

5 Sec. 20. State Lottery Fund.

6 (a) There is created in the State Treasury a special fund
7 to be known as the "State Lottery Fund". Such fund shall
8 consist of all revenues received from (1) the sale of lottery
9 tickets or shares, (net of commissions, fees representing those
10 expenses that are directly proportionate to the sale of tickets
11 or shares at the agent location, and prizes of less than \$600
12 which have been validly paid at the agent level), (2)
13 application fees, and (3) all other sources including moneys
14 credited or transferred thereto from any other fund or source
15 pursuant to law. Interest earnings of the State Lottery Fund
16 shall be credited to the Lottery Supports Schools Fund ~~Common~~
17 ~~School Fund~~.

18 (b) The receipt and distribution of moneys under Section
19 21.5 of this Act shall be in accordance with Section 21.5.

20 (c) The receipt and distribution of moneys under Section
21 21.6 of this Act shall be in accordance with Section 21.6.

22 (d) The receipt and distribution of moneys under Section
23 21.7 of this Act shall be in accordance with Section 21.7.

24 (e) The receipt and distribution of moneys under Section
25 21.8 of this Act shall be in accordance with Section 21.8.

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

4 (20 ILCS 1605/20.1) (from Ch. 120, par. 1170.1)

5 Sec. 20.1. Department account.

6 (a) The Department is authorized to pay validated prizes up
7 to \$25,000 from funds held by the Department in an account
8 separate and apart from all public moneys of the State. Moneys
9 in this account shall be administered by the Director
10 exclusively for the purposes of issuing payments to prize
11 winners authorized by this Section. Moneys in this account
12 shall be deposited by the Department into the Public
13 Treasurers' Investment Pool established under Section 17 of the
14 State Treasurer Act. The Department shall submit vouchers from
15 time to time as needed for reimbursement of this account from
16 moneys appropriated for prizes from the State Lottery Fund.
17 Investment income earned from this account shall be deposited
18 monthly by the Department into the Lottery Supports Schools
19 Fund ~~Common School Fund~~. The Department shall file quarterly
20 fiscal reports specifying the activity of this account as
21 required under Section 16 of the State Comptroller Act, and
22 shall file quarterly with the General Assembly, the Auditor
23 General, the Comptroller, and the State Treasurer a report
24 indicating the costs associated with this activity.

25 (b) The Department is authorized to enter into an

1 interagency agreement with the Office of the Comptroller or any
2 other State agency to establish responsibilities, duties, and
3 procedures for complying with the Comptroller's Offset System
4 under Section 10.05 of the State Comptroller Act. All federal
5 and State tax reporting and withholding requirements relating
6 to prize winners under this Section shall be the responsibility
7 of the Department. Moneys from this account may not be used to
8 pay amounts to deferred prize winners. Moneys may not be
9 transferred from the State Lottery Fund to this account for
10 payment of prizes under this Section until procedures are
11 implemented to comply with the Comptroller's Offset System and
12 sufficient internal controls are in place to validate prizes.

13 (Source: P.A. 87-1197; 88-676, eff. 12-14-94.)

14 (20 ILCS 1605/20.2 new)

15 Sec. 20.2. Lottery Supports Schools Fund. There is created
16 a Fund to be known as the Lottery Supports Schools Fund, which
17 is a non-appropriated trust fund held outside of the State
18 treasury. The Fund shall consist of moneys paid into it by the
19 Division as provided in this Law. The Division shall certify
20 each month to the State Board of Education the proportion of
21 lottery sales in each school district in relation to statewide
22 lottery sales. The moneys in the Lottery Supports Schools Fund
23 must be distributed monthly by the State Board of Education to
24 each school district based upon that school district's portion
25 of statewide lottery sales.

1 Section 10. The School Code is amended by adding Section
2 2-3.153 as follows:

3 (105 ILCS 5/2-3.153 new)

4 Sec. 2-3.153. Distributions from the Lottery Supports
5 Schools Fund. The State Board of Education shall make
6 distributions from the Lottery Supports Schools Fund as
7 provided in Section 20.2 of the Illinois Lottery Law; however,
8 the State Board of Education shall not take into account these
9 distributions when computing State aid under Section 18-8.05 of
10 this Code.

11 Section 99. Effective date. This Act takes effect when the
12 State Board of Education certifies to the Secretary of State
13 and the Illinois Department of Revenue that the amounts by
14 which this amendatory Act of the 96th General Assembly reduces
15 the amounts otherwise available for distribution under the
16 general State aid formula (105 ILCS 5/18-8.05) have been
17 replaced by other revenue sources.