

HB3431



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB3431

by Rep. Thaddeus Jones

SYNOPSIS AS INTRODUCED:

230 ILCS 40/25

Amends the Video Gaming Act. Provides that on and after the effective date of the amendatory Act, the Illinois Gaming Board: (1) may only issue 5 licenses to a location authorized to conduct video gaming in a unit of local government, and (2) may not issue a terminal operator any other license issued under the Act.

LRB101 10186 SMS 55290 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning gaming.

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

4 Section 5. The Video Gaming Act is amended by changing
5 Section 25 as follows:

6 (230 ILCS 40/25)

7 Sec. 25. Restriction of licensees.

8 (a) Manufacturer. A person may not be licensed as a
9 manufacturer of a video gaming terminal in Illinois unless the
10 person has a valid manufacturer's license issued under this
11 Act. A manufacturer may only sell video gaming terminals for
12 use in Illinois to persons having a valid distributor's
13 license.

14 (b) Distributor. A person may not sell, distribute, or
15 lease or market a video gaming terminal in Illinois unless the
16 person has a valid distributor's license issued under this Act.
17 A distributor may only sell video gaming terminals for use in
18 Illinois to persons having a valid distributor's or terminal
19 operator's license.

20 (c) Terminal operator. A person may not own, maintain, or
21 place a video gaming terminal unless he has a valid terminal
22 operator's license issued under this Act. A terminal operator
23 may only place video gaming terminals for use in Illinois in

1 licensed establishments, licensed truck stop establishments,
2 licensed fraternal establishments, and licensed veterans
3 establishments. No terminal operator may give anything of
4 value, including but not limited to a loan or financing
5 arrangement, to a licensed establishment, licensed truck stop
6 establishment, licensed fraternal establishment, or licensed
7 veterans establishment as any incentive or inducement to locate
8 video terminals in that establishment. Of the after-tax profits
9 from a video gaming terminal, 50% shall be paid to the terminal
10 operator and 50% shall be paid to the licensed establishment,
11 licensed truck stop establishment, licensed fraternal
12 establishment, or licensed veterans establishment,
13 notwithstanding any agreement to the contrary. A video terminal
14 operator that violates one or more requirements of this
15 subsection is guilty of a Class 4 felony and is subject to
16 termination of his or her license by the Board.

17 (d) Licensed technician. A person may not service,
18 maintain, or repair a video gaming terminal in this State
19 unless he or she (1) has a valid technician's license issued
20 under this Act, (2) is a terminal operator, or (3) is employed
21 by a terminal operator, distributor, or manufacturer.

22 (d-5) Licensed terminal handler. No person, including, but
23 not limited to, an employee or independent contractor working
24 for a manufacturer, distributor, supplier, technician, or
25 terminal operator licensed pursuant to this Act, shall have
26 possession or control of a video gaming terminal, or access to

1 the inner workings of a video gaming terminal, unless that
2 person possesses a valid terminal handler's license issued
3 under this Act.

4 (e) Licensed establishment. No video gaming terminal may be
5 placed in any licensed establishment, licensed veterans
6 establishment, licensed truck stop establishment, or licensed
7 fraternal establishment unless the owner or agent of the owner
8 of the licensed establishment, licensed veterans
9 establishment, licensed truck stop establishment, or licensed
10 fraternal establishment has entered into a written use
11 agreement with the terminal operator for placement of the
12 terminals. A copy of the use agreement shall be on file in the
13 terminal operator's place of business and available for
14 inspection by individuals authorized by the Board. A licensed
15 establishment, licensed truck stop establishment, licensed
16 veterans establishment, or licensed fraternal establishment
17 may operate up to 5 video gaming terminals on its premises at
18 any time.

19 (f) (Blank).

20 (g) Financial interest restrictions. As used in this Act,
21 "substantial interest" in a partnership, a corporation, an
22 organization, an association, a business, or a limited
23 liability company means:

24 (A) When, with respect to a sole proprietorship, an
25 individual or his or her spouse owns, operates, manages, or
26 conducts, directly or indirectly, the organization,

1 association, or business, or any part thereof; or

2 (B) When, with respect to a partnership, the individual
3 or his or her spouse shares in any of the profits, or
4 potential profits, of the partnership activities; or

5 (C) When, with respect to a corporation, an individual
6 or his or her spouse is an officer or director, or the
7 individual or his or her spouse is a holder, directly or
8 beneficially, of 5% or more of any class of stock of the
9 corporation; or

10 (D) When, with respect to an organization not covered
11 in (A), (B) or (C) above, an individual or his or her
12 spouse is an officer or manages the business affairs, or
13 the individual or his or her spouse is the owner of or
14 otherwise controls 10% or more of the assets of the
15 organization; or

16 (E) When an individual or his or her spouse furnishes
17 5% or more of the capital, whether in cash, goods, or
18 services, for the operation of any business, association,
19 or organization during any calendar year; or

20 (F) When, with respect to a limited liability company,
21 an individual or his or her spouse is a member, or the
22 individual or his or her spouse is a holder, directly or
23 beneficially, of 5% or more of the membership interest of
24 the limited liability company.

25 For purposes of this subsection (g), "individual" includes
26 all individuals or their spouses whose combined interest would

1 qualify as a substantial interest under this subsection (g) and
2 whose activities with respect to an organization, association,
3 or business are so closely aligned or coordinated as to
4 constitute the activities of a single entity.

5 (h) Location restriction. A licensed establishment,
6 licensed truck stop establishment, licensed fraternal
7 establishment, or licensed veterans establishment that is (i)
8 located within 1,000 feet of a facility operated by an
9 organization licensee licensed under the Illinois Horse Racing
10 Act of 1975 or the home dock of a riverboat licensed under the
11 Riverboat Gambling Act or (ii) located within 100 feet of a
12 school or a place of worship under the Religious Corporation
13 Act, is ineligible to operate a video gaming terminal. The
14 location restrictions in this subsection (h) do not apply if
15 (A) a facility operated by an organization licensee, a school,
16 or a place of worship moves to or is established within the
17 restricted area after a licensed establishment, licensed truck
18 stop establishment, licensed fraternal establishment, or
19 licensed veterans establishment becomes licensed under this
20 Act or (B) a school or place of worship moves to or is
21 established within the restricted area after a licensed
22 establishment, licensed truck stop establishment, licensed
23 fraternal establishment, or licensed veterans establishment
24 obtains its original liquor license. For the purpose of this
25 subsection, "school" means an elementary or secondary public
26 school, or an elementary or secondary private school registered

1 with or recognized by the State Board of Education.

2 Notwithstanding the provisions of this subsection (h), the
3 Board may waive the requirement that a licensed establishment,
4 licensed truck stop establishment, licensed fraternal
5 establishment, or licensed veterans establishment not be
6 located within 1,000 feet from a facility operated by an
7 organization licensee licensed under the Illinois Horse Racing
8 Act of 1975 or the home dock of a riverboat licensed under the
9 Riverboat Gambling Act. The Board shall not grant such waiver
10 if there is any common ownership or control, shared business
11 activity, or contractual arrangement of any type between the
12 establishment and the organization licensee or owners licensee
13 of a riverboat. The Board shall adopt rules to implement the
14 provisions of this paragraph.

15 (i) Undue economic concentration. In addition to
16 considering all other requirements under this Act, in deciding
17 whether to approve the operation of video gaming terminals by a
18 terminal operator in a location, the Board shall consider the
19 impact of any economic concentration of such operation of video
20 gaming terminals. The Board shall not allow a terminal operator
21 to operate video gaming terminals if the Board determines such
22 operation will result in undue economic concentration. For
23 purposes of this Section, "undue economic concentration" means
24 that a terminal operator would have such actual or potential
25 influence over video gaming terminals in Illinois as to:

26 (1) substantially impede or suppress competition among

1 terminal operators;

2 (2) adversely impact the economic stability of the
3 video gaming industry in Illinois; or

4 (3) negatively impact the purposes of the Video Gaming
5 Act.

6 The Board shall adopt rules concerning undue economic
7 concentration with respect to the operation of video gaming
8 terminals in Illinois. The rules shall include, but not be
9 limited to, (i) limitations on the number of video gaming
10 terminals operated by any terminal operator within a defined
11 geographic radius and (ii) guidelines on the discontinuation of
12 operation of any such video gaming terminals the Board
13 determines will cause undue economic concentration.

14 (j) The provisions of the Illinois Antitrust Act are fully
15 and equally applicable to the activities of any licensee under
16 this Act.

17 (k) On and after the effective date of this amendatory Act
18 of the 101st General Assembly, the Board may only issue up to 5
19 licenses for a licensed establishment, licensed veterans
20 establishment, licensed truck stop establishment, or licensed
21 fraternal establishment, or any combination thereof, in a unit
22 of local government.

23 (l) On and after the effective date of this amendatory Act
24 of the 101st General Assembly, the Board may not issue a
25 terminal operator any other license issued under this Act.

26 (Source: P.A. 97-333, eff. 8-12-11; 98-31, eff. 6-24-13; 98-77,

1 eff. 7-15-13; 98-112, eff. 7-26-13; 98-756, eff. 7-16-14.)