



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB5065

Introduced 2/18/2020, by Rep. Robert Rita

SYNOPSIS AS INTRODUCED:

230 ILCS 40/45
230 ILCS 40/60
230 ILCS 40/65

Amends the Video Gaming Act. Provides that imposing fees on an establishment authorized to conduct video gaming and on terminal operators is an exclusive power and function of the State. Prohibits a unit of local government with a population under 2,000,000 from applying any additional tax on net terminal income. Provides that a unit of local government (rather than a non-home rule unit of government) may not impose a fee for the operation of a video gaming terminal in excess of \$100 per year (rather than \$25). Provides that any unit of local government imposing a fee for the operation of a video gaming terminal in excess of \$100 on or before January 1, 2020 may retain its fee structure but may not increase fees beyond the limit provided in the provisions. Provides that a home rule unit may not regulate the provisions in a manner inconsistent with the provisions. Effective immediately.

LRB101 20687 SMS 70351 b

FISCAL NOTE ACT
MAY APPLY

HOME RULE NOTE
ACT MAY APPLY

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 Sections 45, 60, and 65 as follows:

6 (230 ILCS 40/45)

7 Sec. 45. Issuance of license.

8 (a) The burden is upon each applicant to demonstrate his
9 suitability for licensure. Each video gaming terminal
10 manufacturer, distributor, supplier, operator, handler,
11 licensed establishment, licensed truck stop establishment,
12 licensed large truck stop establishment, licensed fraternal
13 establishment, and licensed veterans establishment shall be
14 licensed by the Board. The Board may issue or deny a license
15 under this Act to any person pursuant to the same criteria set
16 forth in Section 9 of the Illinois Gambling Act.

17 (a-5) The Board shall not grant a license to a person who
18 has facilitated, enabled, or participated in the use of
19 coin-operated devices for gambling purposes or who is under the
20 significant influence or control of such a person. For the
21 purposes of this Act, "facilitated, enabled, or participated in
22 the use of coin-operated amusement devices for gambling
23 purposes" means that the person has been convicted of any

1 violation of Article 28 of the Criminal Code of 1961 or the
2 Criminal Code of 2012. If there is pending legal action against
3 a person for any such violation, then the Board shall delay the
4 licensure of that person until the legal action is resolved.

5 (b) Each person seeking and possessing a license as a video
6 gaming terminal manufacturer, distributor, supplier, operator,
7 handler, licensed establishment, licensed truck stop
8 establishment, licensed large truck stop establishment,
9 licensed fraternal establishment, or licensed veterans
10 establishment shall submit to a background investigation
11 conducted by the Board with the assistance of the State Police
12 or other law enforcement. To the extent that the corporate
13 structure of the applicant allows, the background
14 investigation shall include any or all of the following as the
15 Board deems appropriate or as provided by rule for each
16 category of licensure: (i) each beneficiary of a trust, (ii)
17 each partner of a partnership, (iii) each member of a limited
18 liability company, (iv) each director and officer of a publicly
19 or non-publicly held corporation, (v) each stockholder of a
20 non-publicly held corporation, (vi) each stockholder of 5% or
21 more of a publicly held corporation, or (vii) each stockholder
22 of 5% or more in a parent or subsidiary corporation.

23 (c) Each person seeking and possessing a license as a video
24 gaming terminal manufacturer, distributor, supplier, operator,
25 handler, licensed establishment, licensed truck stop
26 establishment, licensed large truck stop establishment,

1 licensed fraternal establishment, or licensed veterans
2 establishment shall disclose the identity of every person,
3 association, trust, corporation, or limited liability company
4 having a greater than 1% direct or indirect pecuniary interest
5 in the video gaming terminal operation for which the license is
6 sought. If the disclosed entity is a trust, the application
7 shall disclose the names and addresses of the beneficiaries; if
8 a corporation, the names and addresses of all stockholders and
9 directors; if a limited liability company, the names and
10 addresses of all members; or if a partnership, the names and
11 addresses of all partners, both general and limited.

12 (d) No person may be licensed as a video gaming terminal
13 manufacturer, distributor, supplier, operator, handler,
14 licensed establishment, licensed truck stop establishment,
15 licensed large truck stop establishment, licensed fraternal
16 establishment, or licensed veterans establishment if that
17 person has been found by the Board to:

18 (1) have a background, including a criminal record,
19 reputation, habits, social or business associations, or
20 prior activities that pose a threat to the public interests
21 of the State or to the security and integrity of video
22 gaming;

23 (2) create or enhance the dangers of unsuitable,
24 unfair, or illegal practices, methods, and activities in
25 the conduct of video gaming; or

26 (3) present questionable business practices and

1 financial arrangements incidental to the conduct of video
2 gaming activities.

3 (e) Any applicant for any license under this Act has the
4 burden of proving his or her qualifications to the satisfaction
5 of the Board. The Board may adopt rules to establish additional
6 qualifications and requirements to preserve the integrity and
7 security of video gaming in this State.

8 (f) A non-refundable application fee shall be paid at the
9 time an application for a license is filed with the Board in
10 the following amounts:

- 11 (1) Manufacturer \$5,000
- 12 (2) Distributor..... \$5,000
- 13 (3) Terminal operator..... \$5,000
- 14 (4) Supplier \$2,500
- 15 (5) Technician \$100
- 16 (6) Terminal Handler \$100
- 17 (7) Licensed establishment, licensed truck stop
18 establishment, licensed large truck stop establishment,
19 licensed fraternal establishment, or licensed
20 veterans establishment \$100

21 (g) The Board shall establish an annual fee for each
22 license not to exceed the following:

- 23 (1) Manufacturer \$10,000
- 24 (2) Distributor..... \$10,000
- 25 (3) Terminal operator..... \$5,000
- 26 (4) Supplier \$2,000

1 (5) Technician \$100

2 (6) Licensed establishment, licensed truck stop
3 establishment, licensed large truck stop establishment,
4 licensed fraternal establishment, or licensed
5 veterans establishment \$100

6 (7) Video gaming terminal..... \$100

7 (8) Terminal Handler \$100

8 (h) A terminal operator and a licensed establishment,
9 licensed truck stop establishment, licensed large truck stop
10 establishment, licensed fraternal establishment, or licensed
11 veterans establishment shall equally split the fees specified
12 in item (7) of subsection (g).

13 (i) Imposing fees for licensed establishments, licensed
14 truck stop establishments, licensed large truck stop
15 establishments, licensed fraternal establishments, licensed
16 veterans establishments, and terminal operators is an
17 exclusive power and function of the State. A home rule unit may
18 not impose fees for licensed establishments, licensed truck
19 stop establishments, licensed large truck stop establishments,
20 licensed fraternal establishments, licensed veterans
21 establishments, and terminal operators. This subsection (i) is
22 a denial and limitation of home rule powers and functions under
23 subsection (h) of Section 6 of Article VII of the Illinois
24 Constitution.

25 (Source: P.A. 100-1152, eff. 12-14-18; 101-31, eff. 6-28-19.)

1 (230 ILCS 40/60)

2 Sec. 60. Imposition and distribution of tax.

3 (a) A tax of 30% is imposed on net terminal income and
4 shall be collected by the Board.

5 Of the tax collected under this subsection (a), five-sixths
6 shall be deposited into the Capital Projects Fund and one-sixth
7 shall be deposited into the Local Government Video Gaming
8 Distributive Fund.

9 (b) Beginning on July 1, 2019, an additional tax of 3% is
10 imposed on net terminal income and shall be collected by the
11 Board.

12 Beginning on July 1, 2020, an additional tax of 1% is
13 imposed on net terminal income and shall be collected by the
14 Board.

15 The tax collected under this subsection (b) shall be
16 deposited into the Capital Projects Fund.

17 (c) Revenues generated from the play of video gaming
18 terminals shall be deposited by the terminal operator, who is
19 responsible for tax payments, in a specially created, separate
20 bank account maintained by the video gaming terminal operator
21 to allow for electronic fund transfers of moneys for tax
22 payment.

23 (d) Each licensed establishment, licensed truck stop
24 establishment, licensed large truck stop establishment,
25 licensed fraternal establishment, and licensed veterans
26 establishment shall maintain an adequate video gaming fund,

1 with the amount to be determined by the Board.

2 (e) The State's percentage of net terminal income shall be
3 reported and remitted to the Board within 15 days after the
4 15th day of each month and within 15 days after the end of each
5 month by the video terminal operator. A video terminal operator
6 who falsely reports or fails to report the amount due required
7 by this Section is guilty of a Class 4 felony and is subject to
8 termination of his or her license by the Board. Each video
9 terminal operator shall keep a record of net terminal income in
10 such form as the Board may require. All payments not remitted
11 when due shall be paid together with a penalty assessment on
12 the unpaid balance at a rate of 1.5% per month.

13 (f) A unit of local government with a population under
14 2,000,000 people is prohibited from applying any additional tax
15 on net terminal income.

16 (Source: P.A. 101-31, eff. 6-28-19.)

17 (230 ILCS 40/65)

18 Sec. 65. Fees. Except as provided in this Section, a
19 ~~non-home rule~~ unit of local government may not impose any fee
20 for the operation of a video gaming terminal in excess of \$100
21 ~~\$25~~ per year. The City of Rockford may not impose any fee for
22 the operation of a video gaming terminal in excess of \$250 per
23 year.

24 Any unit of local government imposing a fee for the
25 operation of a video gaming terminal in excess of \$100 on or

1 before January 1, 2020 may retain its fee structure but may not
2 increase fees beyond the limit provided in this Section.

3 A home rule unit may not regulate the provisions of this
4 Section in a manner inconsistent with this Section. This
5 Section is a limitation under subsection (i) of Section 6 of
6 Article VII of the Illinois Constitution on the concurrent
7 exercise by home rule units of powers and functions exercised
8 by the State.

9 (Source: P.A. 101-337, eff. 1-1-20.)

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.