



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB2276

Introduced 2/26/2021, by Sen. Steve Stadelman

SYNOPSIS AS INTRODUCED:

230 ILCS 45/25-70

Amends the Sports Wagering Act in provisions concerning the Lottery sports wagering pilot program. Provides that the Department of the Lottery shall establish and publish the rules and procedures for the competitive bid process in issuing the central system provider license. Requires the winning bidder to pay no less than \$10,000,000 (rather than paying \$20,000,000) for the central system provider license. Allows the Department to choose whether to receive the payment in a lump sum immediately upon issuing the license or to receive partial payments over a period not to exceed one year. Requires the money to be deposited into the State Lottery Fund. Allows the Department to use up to \$5,000,000 of the amount for costs of development and administration related to the Lottery sports wagering pilot program. Provides that the remainder shall be transferred to the Rebuild Illinois Projects Fund. Provides that sports lottery terminals may be placed in no more than 2,500 Lottery retail locations in the State in any one given year of the sports wagering pilot program (rather than during the first 360 days after the effective date of Public Act 101-31). Provides that the total number of retail locations of the Lottery sports wagering pilot program shall not exceed 5,000 after initial implementation of the Lottery sports wagering pilot program. Provides that the privilege tax due for Lottery sports wagering shall be transferred to the Capital Projects Fund on the last day of each month (rather than the 15th day of each month). Extends the repeal date of provisions concerning the Lottery sports wagering pilot program from January 1, 2024 to July 1, 2025. Makes other and conforming changes. Effective immediately.

LRB102 10412 SMS 15739 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 Sports Wagering Act is amended by changing
5 Section 25-70 as follows:

6 (230 ILCS 45/25-70)

7 (Section scheduled to be repealed on January 1, 2024)

8 Sec. 25-70. Lottery sports wagering pilot program.

9 (a) As used in this Section:

10 "Central system" means the hardware, software,
11 peripherals, and network components provided by the
12 Department's central system provider that link and support all
13 required sports lottery terminals and the central site and
14 that are unique and separate from the lottery central system
15 for draw and instant games but can integrate with lottery
16 central system hardware if required by the Department.

17 "Central system provider" means an individual,
18 partnership, corporation, or limited liability company that
19 has been licensed for the purpose of providing and maintaining
20 a central system and the related management facilities
21 specifically for the management of sports lottery terminals
22 and sports lottery systems.

23 "Electronic card" means a card purchased from a lottery

1 retailer, a credit card, or a debit card.

2 "Lottery retailer" means a location licensed by the
3 Department to sell lottery tickets or shares or sports wagers.

4 "Sports lottery systems" means systems provided by the
5 central system provider or other provider needed for operating
6 a sports wagering program consisting of, but not limited to,
7 sports wagering products, risk management, operations, and
8 support services.

9 "Sports lottery terminal" means a terminal linked to the
10 central system in which bills or coins are deposited or
11 received by a retailer or an electronic card is inserted in
12 order to place wagers on a sports event and lottery offerings.

13 (b) The Department shall issue one central system provider
14 license pursuant to an open and competitive bidding process.
15 The Department shall establish and publish the rules and
16 procedures for a competitive bid process that uses the
17 following procedures:

18 (1) The Department shall make applications for the
19 central system provider license available to the public
20 and allow a reasonable time for applicants to submit
21 applications to the Department.

22 (2) During the filing period for central system
23 provider license applications, the Department may retain
24 professional services to assist the Department in
25 conducting the open and competitive bidding process.

26 (3) After receiving all of the bid proposals, the

1 Department shall open all of the proposals in a public
2 forum and disclose the prospective central system provider
3 names and venture partners, if any.

4 (4) The Department shall summarize the terms of the
5 bid proposals and may make this summary available to the
6 public.

7 (5) The Department shall evaluate the bid proposals
8 within a reasonable time and select no more than 3 final
9 applicants to make presentations of their bid proposals to
10 the Department.

11 (6) The final applicants shall make their
12 presentations to the Department on the same day during an
13 open session of the Department.

14 (7) As soon as practicable after the public
15 presentations by the final applicants, the Department, in
16 its discretion, may conduct further negotiations among the
17 3 final applicants. At the conclusion of such
18 negotiations, the Department shall select the winning bid.

19 (8) Upon selection of the winning bid, the Department
20 shall evaluate the winning bid within a reasonable period
21 of time for licensee suitability in accordance with all
22 applicable statutory and regulatory criteria.

23 (9) If the winning bidder is unable or otherwise fails
24 to consummate the transaction, (including if the
25 Department determines that the winning bidder does not
26 satisfy the suitability requirements), the Department may,

1 on the same criteria, select from the remaining bidders.

2 (10) The winning bidder shall pay no less than
3 \$10,000,000, established in the rules and procedures for
4 the competitive bid process, \$20,000,000 to the Department
5 upon being issued the central system provider license. The
6 Department may determine whether to receive the payment in
7 a lump sum immediately upon issuing the central system
8 provider license or to receive partial payments over a
9 period not to exceed one year. The money shall be
10 deposited into the State Lottery Fund. The Department may
11 use up to \$5,000,000 of this amount for costs of
12 development and administration related to the Lottery
13 sports wagering pilot program. The remainder shall be
14 transferred to the Rebuild Illinois Projects Fund.

15 (c) Every sports lottery terminal offered in this State
16 for play shall first be tested and approved pursuant to the
17 rules of the Department, and each sports lottery terminal
18 offered in this State for play shall conform to an approved
19 model. For the examination of sports lottery terminals and
20 associated equipment as required by this Section, the central
21 system provider may utilize the services of one or more
22 independent outside testing laboratories that have been
23 accredited by a national accreditation body and that, in the
24 judgment of the Department, are qualified to perform such
25 examinations. Every sports lottery terminal offered in this
26 State for play must meet minimum standards set by an

1 independent outside testing laboratory approved by the
2 Department.

3 (d) Sports ~~During the first 360 days after the effective~~
4 ~~date of this Act, sport~~ lottery terminals may be placed in no
5 more than 2,500 Lottery retail locations in the State in any
6 one given year of the Lottery sports wagering pilot program.
7 The total number of retail locations of the Lottery sports
8 wagering pilot program shall not exceed 5,000 after initial
9 implementation of the Lottery sports wagering pilot program.
10 The initial implementation of the Lottery sports wagering
11 pilot program shall begin upon the successful installation and
12 testing of the first sports lottery terminal at a Lottery
13 retail location and the sports lottery terminal is live and
14 open to place wagers. ~~Sports lottery terminals may be placed~~
15 ~~in an additional 2,500 Lottery retail locations during the~~
16 ~~second year after the effective date of this Act.~~

17 (e) A sports lottery terminal may not directly dispense
18 coins, cash, tokens, or any other article of exchange or value
19 except for receipt tickets. Tickets shall be dispensed by
20 pressing the ticket dispensing button on the sports lottery
21 terminal at the end of the placement of one's wager or wagers.
22 The ticket shall indicate the total amount wagered, odds for
23 each wager placed, and the cash award for each bet placed, the
24 time of day in a 24-hour format showing hours and minutes, the
25 date, the terminal serial number, the sequential number of the
26 ticket, and an encrypted validation number from which the

1 validity of the prize may be determined. The player shall turn
2 in this ticket to the Department or its retailer in accordance
3 with the Department's current claim procedures ~~appropriate~~
4 ~~person at a lottery retailer to receive the cash award.~~

5 (f) No lottery retailer may cause or permit any person
6 under the age of 21 years to use a sports lottery terminal or
7 sports wagering application. A lottery retailer who knowingly
8 causes or permits a person under the age of 21 years to use a
9 sports lottery terminal or sports wagering application is
10 guilty of a business offense and shall be fined an amount not
11 to exceed \$5,000.

12 (g) A sports lottery terminal shall only accept parlay
13 wagers and fixed odds parlay wagers. The Department shall, by
14 rule, establish the total amount, as a percentage, of all
15 wagers placed that a lottery retailer may retain.

16 (h) The Department shall have jurisdiction over and shall
17 supervise all lottery sports wagering operations governed by
18 this Section. The Department shall have all powers necessary
19 and proper to fully and effectively execute the provisions of
20 this Section, including, but not limited to, the following:

21 (1) To investigate applicants and determine the
22 eligibility of applicants for licenses and to select among
23 competing applicants the applicants which best serve the
24 interests of the citizens of Illinois.

25 (2) To have jurisdiction and supervision over all
26 lottery sports wagering operations in this State.

1 (3) To adopt rules for the purpose of administering
2 the provisions of this Section and to adopt rules and
3 conditions under which all lottery sports wagering in the
4 State shall be conducted. Such rules are to provide for
5 the prevention of practices detrimental to the public
6 interest and for the best interests of lottery sports
7 wagering, including rules (i) regarding the inspection of
8 such licensees necessary to operate a lottery retailer
9 under any laws or rules applicable to licensees, (ii) to
10 impose penalties for violations of the Act and its rules,
11 and (iii) establishing standards for advertising lottery
12 sports wagering.

13 (i) The Department shall adopt emergency rules to
14 administer this Section in accordance with Section 5-45 of the
15 Illinois Administrative Procedure Act. For the purposes of the
16 Illinois Administrative Procedure Act, the General Assembly
17 finds that the adoption of rules to implement this Section is
18 deemed an emergency and necessary to the public interest,
19 safety, and welfare.

20 (j) For the privilege of operating lottery sports wagering
21 under this Section, all net sports wagering proceeds ~~minus net~~
22 ~~of proceeds returned to players~~ shall be electronically
23 transferred daily or weekly, at the discretion of the Director
24 of the Lottery, into the State Lottery Fund. After amounts
25 owed to the central system provider and licensed agents, and
26 any other amounts owed for costs incurred in the operation and

1 administration of the Lottery sports wagering pilot program,
2 as determined by the Department, are paid from the moneys
3 deposited into the State Lottery Fund under subsection (b) and
4 this subsection, the remainder shall be transferred on the
5 last day 15th of each month to the Capital Projects Fund.
6 Following the reconciliation after a fiscal year audit, if an
7 amount in excess of the annual remaining net sports wagering
8 proceeds is transferred for a fiscal year, then the Director
9 of the Lottery shall offset the transfers for the following
10 fiscal year by the excess amount. If an amount less than the
11 annual remaining net sports wagering proceeds is transferred
12 for a fiscal year, then the Director of the Lottery shall
13 increase the transfer for the following fiscal year by the
14 deficit amount.

15 (k) This Section is repealed on July 1, 2025 ~~January 1,~~
16 ~~2024.~~

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

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.