

# 93RD GENERAL ASSEMBLY State of Illinois 2003 and 2004 HB4602

Introduced 02/04/04, by Lou Lang

### SYNOPSIS AS INTRODUCED:

New Act 230 ILCS 10/5 720 ILCS 5/28-1 720 ILCS 5/28-1.1 720 ILCS 5/28-3 30 ILCS 105/5.625 new

from Ch. 120, par. 2405 from Ch. 38, par. 28-1 from Ch. 38, par. 28-1.1 from Ch. 38, par. 28-3

Creates the Video Gaming Act. Provides that video gaming may be conducted at licensed retail establishments where alcoholic liquor is served for consumption, licensed fraternal establishments, and licensed veterans establishments and truck stops. Provides that the Gaming Board shall be responsible for administration and enforcement of laws relating to video gaming terminals. Amends the Riverboat Gambling Act to provide that the Gaming Board shall be responsible for administration and enforcement of the Video Gaming Act. Amends the Gambling Article of the Criminal Code to make corresponding changes. Provides that 20% of the tax revenue collected under the Video Gaming Act shall be paid into the Local Government Video Gaming Distributive Fund, which is created as a special fund in the State treasury. Provides for the administration of the Video Gaming Distributive Fund. Provides for the allocation of moneys paid into that Fund to municipalities and counties. Makes other changes. Effective immediately.

LRB093 14682 LRD 40224 b

CORRECTIONAL
BUDGET AND
IMPACT NOTE ACT
MAY APPLY

FISCAL NOTE ACT MAY APPLY

1 AN ACT in relation to gambling.

## Be it enacted by the People of the State of Illinois, represented in the General Assembly:

- 4 Section 1. Short title. This Act may be cited as the Video
- 5 Gaming Act.
- 6 Section 5. Definitions. As used in this Act:
- 7 "Board" means the Illinois Gaming Board.
- 8 "Credit" means 5, 10, or 25 cents either won or purchased
- 9 by a player.
- 10 "Distributor" means an individual, partnership, or
- 11 corporation licensed under this Act to buy, sell, lease, or
- distribute video gaming terminals or major components or parts
- of video gaming terminals to or from terminal operators.
- "Terminal operator" means an individual, partnership, or
- 15 corporation that is licensed under this Act and that owns,
- services, and maintains video gaming terminals for placement in
- 17 licensed establishments, licensed fraternal establishments, or
- 18 licensed veterans establishments.
- "Licensed technician" means an individual who is licensed
- 20 under this Act to repair, service, and maintain video gaming
- 21 terminals.
- "Manufacturer" means an individual, partnership, or
- 23 corporation that is licensed under this Act and that
- 24 manufactures or assembles video gaming terminals.
- 25 "Supplier" means an individual, partnership, or
- 26 corporation that is licensed under this Act to supply major
- 27 components or parts for video gaming terminals to licensed
- 28 terminal operators.
- "Net terminal income" means money put into a video gaming
- 30 terminal minus credits paid out to players.
- "Video gaming terminal" means any electronic video game
- 32 machine that, upon insertion of cash, is available to play or

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1 simulate the play of a video game, including, but not limited

2 to, video poker, line up, and blackjack, authorized by the

3 Board utilizing a video display and microprocessors in which

the player may receive free games or credits that can be

redeemed for cash. The term does not include a machine that

directly dispenses coins, cash, or tokens or is for amusement

purposes only.

8 "Licensed establishment" means any licensed retail 9 establishment where alcoholic liquor is drawn, poured, mixed, 10 or otherwise served for consumption on the premises.

"Licensed fraternal establishment" means the location where a qualified fraternal organization that derives its charter from a national fraternal organization regularly meets.

"Licensed veterans establishment" means the location where a qualified veterans organization that derives its charter from a national veterans organization regularly meets.

"Licensed truck stop establishment" means a facility that is at least a 3-acre facility with a convenience store and with separate diesel islands for fueling commercial motor vehicles and parking spaces for commercial motor vehicles as defined in Section 18b-101 of the Illinois Vehicle Code.

Section 15. Minimum requirements for licensing and registration. Every video gaming terminal offered for play shall first be tested and approved pursuant to the rules of the Board, and each video gaming terminal offered in this State for play shall conform to an approved model. The Board may contract with an independent outside vendor for the examination of video gaming machines and associated equipment, as required by this Section. Each approved model shall, at a minimum, meet the following criteria:

- (1) It must conform to all requirements of federal law and regulations, including FCC Class A Emissions Standards.
- (2) It must theoretically pay out a mathematically

demonstrable percentage during the expected lifetime of the machine of all amounts played, which must not be less than 80%. Video gaming terminals that may be affected by skill must meet this standard when using a method of play that will provide the greatest return to the player over a period of continuous play.

- (3) It must use a random selection process to determine the outcome of each play of a game. The random selection process must meet 99% confidence limits using a standard chi-squared test for (randomness) goodness of fit.
- (4) It must display an accurate representation of the game outcome.
- (5) It must not automatically alter pay tables or any function of the video gaming terminal based on internal computation of hold percentage or have any means of manipulation that affects the random selection process or probabilities of winning a game.
- (6) It must not be adversely affected by static discharge or other electromagnetic interference.
- (7) It must be capable of detecting and displaying the following conditions during idle states or on demand: power reset; door open; and door just closed.
- (8) It must have the capacity to display complete play history (outcome, intermediate play steps, credits available, bets placed, credits paid, and credits cashed out) for the most recent game played and 10 games prior thereto.
- (9) The theoretical payback percentage of a video gaming terminal must not be capable of being changed without making a hardware or software change in the video gaming terminal.
- (10) Video gaming terminals must be designed so that replacement of parts or modules required for normal maintenance does not necessitate replacement of the electromechanical meters.
  - (11) It must have nonresettable meters housed in a

locked area of the terminal that keep a permanent record of all cash inserted into the machine, all winnings made by the terminal printer, credits played in for video gaming terminals, and credits won by video gaming players. The video gaming terminal must provide the means for on-demand display of stored information as determined by the Board.

- (12) Electronically stored meter information required by this Section must be preserved for a minimum of 180 days after a power loss to the service.
- (13) It must have one or more mechanisms that accept coins or cash in the form of bills. The mechanisms shall be designed to prevent obtaining credits without paying by stringing, slamming, drilling, or other means.
- (14) It shall have accounting software that keeps an electronic record which includes, but is not limited to, the following: total cash inserted into the video gaming terminal; the value of winning tickets claimed by players; the total credits played; and the total credits awarded by a video gaming terminal.
- (15) It shall be linked by a central communications system to provide auditing program information, as approved by the Board. In no event may the communications system approved by the Board limit participation to only one manufacturer of video gaming terminals by either the cost in implementing the necessary program modifications to communicate or the inability to communicate with the central communications system.
- (16) It shall be able to receive and broadcast AMBER Alert messages.

Section 20. Direct dispensing of receipt tickets only. A video gaming terminal may not directly dispense coins, cash, tokens, or any other article of exchange or value except for receipt tickets. Tickets shall be dispensed by pressing the ticket dispensing button on the video gaming terminal at the end of one's turn or play. The ticket shall indicate the total

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1 amount of credits and the cash award, the time of day in a 2 24-hour format showing hours and minutes, the date, the terminal serial number, the sequential number of the ticket, 3 and an encrypted validation number from which the validity of 4 5 the prize may be determined. The player shall turn in this 6 ticket to the appropriate person at the licensed establishment, truck stop establishment, licensed fraternal 7 licensed establishment, or licensed veterans establishment to receive the cash award. The cost of the credit shall be 5 cents, 10 9 cents, or 25 cents, and the maximum wager played per hand shall 10 11 not exceed \$2. No cash award for the maximum wager on any 12 individual hand shall exceed \$500.

Section 25. Restriction of licensees.

- (a) Manufacturer. A person may not be licensed as a manufacturer of a video gaming terminal in Illinois unless the person has a valid manufacturer's license issued under this Act. A manufacturer may only sell video gaming terminals for use in Illinois to persons having a valid distributor's license.
- 20 (b) Distributor. A person may not sell, service,
  21 distribute, or lease or market a video gaming terminal in
  22 Illinois unless the person has a valid distributor's license
  23 issued under this Act. A distributor may only sell video gaming
  24 terminals for use in Illinois to persons having a valid
  25 distributor's or terminal operator's license.
- 26 (c) Terminal operator. A person may not own, service, 27 maintain, lease, or place a video gaming terminal unless he has a valid terminal operator's license issued under this Act. A 28 29 terminal operator may only place video gaming terminals for use 30 in Illinois in licensed establishments, licensed truck stop 31 establishments, licensed fraternal establishments, licensed veterans establishments. No terminal operator may 32 give anything of value, including, but not limited to, a loan 33 financing arrangement, to a licensed establishment, 34 35 licensed truck stop establishment, licensed fraternal

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- establishment, or licensed veterans establishment as any incentive or inducement to locate video terminals in that establishment. Of the after-tax profits from a video gaming terminal, 50% shall be paid to the terminal operator and 50% shall be paid to the licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment. A terminal operator shall be entitled to access all information recorded by the operator's machines pursuant to item (17) of Section 15. No terminal operator may own or have a substantial interest in more than 5% of the video gaming terminals licensed in this State.
  - (d) Licensed technician. A person may not service, maintain, or repair a video gaming terminal in this State unless he or she (1) has a valid technician's license issued under this Act, (2) is a terminal operator, or (3) is employed by a terminal operator, distributor, or manufacturer.
- (e) Licensed establishment. A valid liquor license shall be prima facie evidence of compliance with the licensing requirements of this Act to operate video gaming terminals. No video gaming terminal may be placed in any licensed veterans establishment or licensed fraternal establishment unless the owner or agent of the owner of the licensed veterans establishment or licensed fraternal establishment has entered into a written use agreement with the terminal operator for placement of the terminals. A copy of the use agreement shall be on file in the terminal operator's place of business and available for inspection by individuals authorized by the Board. A licensed establishment may operate up to 3 video gaming terminals on its premises at any time, unless the Board authorizes а greater number. A licensed truck stop establishment, licensed veterans establishment, or licensed fraternal establishment may operate up to 5 video gaming terminals on its premises at any time, unless the Board authorizes a greater number.
- (f) Residency requirement. Each licensed distributor and terminal operator must be an Illinois resident. However, if an

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- out of state distributor or terminal operator has performed its respective business within Illinois for at least 48 months prior to the effective date of this Act, the out of state person may be eligible for licensing under this Act, upon application to and approval of the Board.
  - (g) Financial interest restrictions. As used in this Act,
    "substantial interest" in an organization, association, or
    business means:
    - (A) When, with respect to a sole proprietorship, an individual or his or her marital community owns, operates, manages, or conducts, directly or indirectly, the organization, association, or business, or any part thereof; or
    - (B) When, with respect to a partnership, the individual or his or her marital community shares in any of the profits, or potential profits, of the partnership activities; or
    - (C) When, with respect to a corporation, an individual or his or her spouse is an officer or director, or the individual or his or her marital community is a holder, directly or beneficially, of 5% or more of any class of stock of the corporation; or
    - (D) When, with respect to an organization not covered in (A), (B) or (C) above, an individual or his or her spouse is an officer or manages the business affairs, or the individual or his or her marital community is the owner of or otherwise controls 10% or more of the assets of the organization; or
    - (E) When an individual or his or her marital community furnishes 5% or more of the capital, whether in cash, goods, or services, for the operation of any business, association, or organization during any calendar year.
  - (h) Location restriction. A licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment that is

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- 1 located within 500 feet of a race track licensed under the
- 2 Illinois Horse Racing Act of 1975 or within 1,000 feet of the
- 3 home dock of a riverboat licensed under the Riverboat Gambling
- 4 Act is ineligible to operate a video gaming terminal.

Section 27. Prohibition of video gaming by political subdivision. A municipality may pass an ordinance prohibiting video gaming within the corporate limits of the municipality. A county board may, for the unincorporated area of the county, pass an ordinance prohibiting video gaming within the unincorporated area of the county.

Section 30. Multiple types of licenses prohibited. A video gaming terminal manufacturer may not be licensed as a video gaming terminal distributor or operator or own, manage, or control a licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment, and shall be licensed only to sell to distributors. A video gaming terminal distributor may not be licensed as a video gaming terminal manufacturer or operator or own, manage, or control a licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment, and shall only contract with a licensed terminal operator. A video gaming terminal operator may not be licensed as a video gaming terminal manufacturer or distributor or own, manage, or control licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment, and shall be licensed only to contract with licensed distributors and licensed establishments, licensed truck stop establishments, licensed fraternal establishments, licensed veterans establishments. An owner or manager of a licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed establishment may not be licensed as a video gaming terminal manufacturer, distributor, or operator, and shall only

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1 contract with a licensed operator to place and service this 2 equipment.

Section 35. Display of license; confiscation; violation as felony. Each video gaming terminal shall be licensed by the Board before placement or operation on the premises of a licensed establishment, licensed truck stop establishment, 7 licensed fraternal establishment, or licensed establishment. The license of each video gaming terminal shall be maintained at the location where the video gaming terminal is operated. Failure to do so is a petty offense with a fine not to exceed \$100. Any licensed establishment, licensed truck establishment, licensed fraternal establishment, licensed veterans establishment used for the conduct of gambling games in violation of this Act shall be considered a gambling place in violation of Section 28-3 of the Criminal Code of 1961. Every gambling device found in a licensed establishment, licensed truck stop establishment, fraternal establishment, or licensed veterans establishment operating gambling games in violation of this Act shall be subject to seizure, confiscation, and destruction as provided in Section 28-5 of the Criminal Code of 1961. Any license issued under the Liquor Control Act of 1934 to any owner or 23 operator of a licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment that operates or permits the operation of a video gaming terminal within its establishment in violation of this Act shall be immediately revoked. No person may own, operate, have in his or her possession or custody or 29 under his or her control, or permit to be kept in any place under his or her possession or control, any device that awards credits and contains a circuit, meter, or switch capable of removing and recording the removal of credits when the award of credits is dependent upon chance. A violation of this Section 33 is a Class 4 felony. All devices that are owned, operated, or possessed in violation of this Section are hereby declared to

- 1 be public nuisances and shall be subject to seizure,
- 2 confiscation, and destruction as provided in Section 28-5 of
- 3 the Criminal Code of 1961. The provisions of this Section do
- 4 not apply to devices or electronic video game terminals
- 5 licensed pursuant to this Act.
- 6 Section 40. Video gaming terminal use by minors prohibited.
- 7 No licensee shall cause or permit any person under the age of
- 8 21 years to use or play a video gaming terminal. Any licensee
- 9 who knowingly permits a person under the age of 21 years to use
- or play a video gaming terminal is guilty of a business offense
- and shall be fined an amount not to exceed \$5,000.
- 12 Section 45. Issuance of license.
- 13 (a) The burden is upon each applicant to demonstrate his 14 suitability for licensure. Each video gaming terminal
- 15 manufacturer, distributor, operator, licensed establishment,
- 16 licensed truck stop establishment, licensed fraternal
- 17 establishment, and licensed veterans establishment shall be
- 18 licensed by the Board. The Board may not issue a license under
- 19 this Act to any person who, within 10 years of the date of the
- 20 application, has been convicted of a felony under the laws of
- 21 this State, any other state, or the United States, or to any
- 22 firm or corporation in which such a person is an officer,
- 23 director, or managerial employee.
- 24 (b) A non-refundable application fee shall be paid at the
- 25 time an application for a license is filed with the Board in
- 26 the following amounts:
- 27 (1) Manufacturer ...... \$ 5,000
- 28 (2) Distributor.....\$ 5,000
- 29 (3) Terminal operator ..... \$ 5,000
- 30 (4) Supplier ...... \$ 2,500
- 31 (5) Technician ..... \$ 10
- 32 (c) Any application not approved within 90 days of receipt
- 33 by the Board shall be deemed approved.

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1	(d) Each licensed distributor, terminal operator, or
2	person with a substantial interest in a distributor or terminal
3	operator must have resided in Illinois for at least 24 months
4	prior to application unless he or she has performed his or her
5	respective business in Illinois for at least 48 months prior to
6	the effective date of this Act.
7	The Board shall establish an annual fee for each license
8	not to exceed the following:
9	(1) Manufacturer\$10,000
10	(2) Distributor\$10,000
11	(3) Terminal operator \$ 5,000
12	(4) Supplier \$ 2,000
13	(5) Technician \$ 100
14	(6) Licensed establishment, licensed truck
15	stop establishment, licensed fraternal
16	establishment, or licensed veterans establishment \$ 100
17	(7) Video gaming terminal \$ 100
18	Section 50. Distribution of license fees.
19	(a) All fees collected under Section 45 shall be deposited
20	in the General Revenue Fund.
21	(b) Fees collected under Section 45 shall be used as
22	follows:
23	(1) Twenty-five percent shall be paid to programs for
24	the treatment of compulsive gambling.
25	(2) Seventy-five percent shall be used for the
26	administration of this Act.
27	(c) All licenses issued by the Board under this Act are
28	renewable annually unless sooner cancelled or terminated. No
29	license issued under this Act is transferable or assignable.
30	Section 55. Precondition for licensed establishment. In
31	all cases of application for a licensed establishment, to

operate a video gaming terminal, each licensed truck stop

establishment, licensed fraternal establishment, or licensed

veterans establishment shall possess a valid liquor license

- 1 issued by the Illinois Liquor Control Commission in effect at
- 2 the time of application and at all times thereafter during
- 3 which a video gaming terminal is made available to the public
- 4 for play at that location.
- 5 Section 57. Insurance. Each licensed establishment,
- 6 licensed truck stop establishment, licensed fraternal
- 7 establishment, and licensed veterans establishment shall
- 8 maintain insurance on any gaming device on its premises in an
- 9 amount set by the Board.
- 10 Section 58. Location of terminals. Video gaming terminals
- 11 must be located in an area that is within the view of at least
- one employee of the establishment in which they are located.
- 13 Section 60. Imposition and distribution of tax.
- 14 (a) A tax of 25% is imposed on net terminal income and
- shall be collected by the Board.
- 16 (b) Of the tax collected under this Section, 80% shall be
- deposited in the State Gaming Fund and 20% shall be deposited
- into the Local Government Video Gaming Distributive Fund.
- 19 (c) Revenues generated from the play of video gaming
- terminals shall be deposited by the terminal operator, who is
- 21 responsible for tax payments, in a specially created, separate
- 22 bank account maintained by the video gaming terminal operator
- 23 to allow for electronic fund transfers of moneys for tax
- 24 payment.
- 25 (d) Each licensed establishment, licensed truck stop
- 26 establishment, licensed fraternal establishment, and licensed
- veterans establishment shall maintain an adequate video gaming
- fund, with the amount to be determined by the Board.
- 29 Section 65. Fees. A non-home rule unit of government may
- 30 not impose any fee for the operation of a video gaming terminal
- in excess of \$25 per year.

YES

public.

Distributive Fund.

Section 70. Referendum. Upon the filing in the office of the clerk, at least 90 days before an election in any municipality or county, as the case may be, of a petition directed to such clerk, containing the signatures of not less than 25% of the legal voters of that municipality or county, the clerk shall certify such proposition to the proper election officials, who shall submit the proposition at such election to the voters of such municipality or county. The proposition shall be in the following form:

10 -----

11 Shall video gaming

12 be prohibited in ------

13 ..... NO

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If a majority of the voters voting upon such last mentioned proposition in any municipality or county vote "YES", such video gaming shall be prohibited in such municipality or county. The petition mentioned in this Section shall be a public document and shall be subject to inspection by the

21 Section 75. Revenue sharing; Local Government Video Gaming

(a) Beginning July 1, 2003, as soon as may be after the first day of each month, the Department of Revenue shall certify to the Treasurer an amount equal to 25% of the net revenue realized from the tax imposed by Section 60 during the preceding month. Net revenue realized for a month shall be defined as the revenue from the tax imposed by Section 60 during the month. Upon receipt of such certification, the Treasurer shall transfer from the General Revenue Fund to a special fund in the State treasury, to be known as the Local Government Video Gaming Distributive Fund, the amount shown on such certification.

All amounts paid into the Local Government Video Gaming
Distributive Fund and allocated in accordance with this Section

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are appropriated on a continuing basis.

- (b) As soon as may be after the first day of each month, Department of Revenue shall allocate among municipalities and counties of this State that have not prohibited video gaming pursuant to Section 27 the amount available in the Local Government Video Gaming Distributive Fund, as provided in Section 60. The Department shall then certify such allocations to the State Comptroller, who shall pay over to those eligible municipalities and counties the respective amounts allocated to them. The amount of those funds allocable to each eligible municipality and county shall be based on the proportion that the number of individual residents of the municipality or county bears to the total population of those eligible municipalities and counties determined in each case on the basis of the latest census of the municipality or county conducted by the federal government and certified by the Secretary of State and for annexations to municipalities, the latest federal, State, or municipal census of the annexed area which has been certified by the Department of Revenue. For the purpose of this Section, the number of individual residents of a county shall be reduced by the number of individuals residing therein in municipalities, but the number of individual residents of the municipality shall reflect the latest census of the municipality.
  - (c) The amounts allocated and paid to a municipality or county of this State pursuant to the provisions of this Section may be used for any general corporate purpose authorized for that municipality or county.
  - (d) Upon determination by the Department that an amount has been paid pursuant to this Section in excess of the amount to which the county or municipality receiving the payment was entitled, the county or municipality shall, upon demand by the Department, repay the excess amount. If repayment is not made within a reasonable time, the Department shall withhold from future payments an amount equal to the overpayment. The Department shall redistribute the amount of the payment to the

- 1 county or municipality entitled thereto.
- 2 Section 185. The Riverboat Gambling Act is amended by
- 3 changing Section 5 as follows:
- 4 (230 ILCS 10/5) (from Ch. 120, par. 2405)
- 5 Sec. 5. Gaming Board.
- 6 (a) (1) There is hereby established within the Department
  7 of Revenue an Illinois Gaming Board which shall have the powers
  8 and duties specified in this Act, and all other powers
  9 necessary and proper to fully and effectively execute this Act
  10 for the purpose of administering, regulating, and enforcing the
  11 system of riverboat gambling established by this Act. Its
  12 jurisdiction shall extend under this Act to every person,
  13 association, corporation, partnership and trust involved in

riverboat gambling operations in the State of Illinois.

- (2) The Board shall consist of 5 members to be appointed by the Governor with the advice and consent of the Senate, one of whom shall be designated by the Governor to be chairman. Each member shall have a reasonable knowledge of the practice, procedure and principles of gambling operations. Each member shall either be a resident of Illinois or shall certify that he will become a resident of Illinois before taking office. At least one member shall be experienced in law enforcement and criminal investigation, at least one member shall be a certified public accountant experienced in accounting and auditing, and at least one member shall be a lawyer licensed to practice law in Illinois.
- (3) The terms of office of the Board members shall be 3 years, except that the terms of office of the initial Board members appointed pursuant to this Act will commence from the effective date of this Act and run as follows: one for a term ending July 1, 1991, 2 for a term ending July 1, 1992, and 2 for a term ending July 1, 1993. Upon the expiration of the foregoing terms, the successors of such members shall serve a term for 3 years and until their successors are appointed and

- qualified for like terms. Vacancies in the Board shall be filled for the unexpired term in like manner as original appointments. Each member of the Board shall be eligible for reappointment at the discretion of the Governor with the advice and consent of the Senate.
  - (4) Each member of the Board shall receive \$300 for each day the Board meets and for each day the member conducts any hearing pursuant to this Act. Each member of the Board shall also be reimbursed for all actual and necessary expenses and disbursements incurred in the execution of official duties.
  - (5) No person shall be appointed a member of the Board or continue to be a member of the Board who is, or whose spouse, child or parent is, a member of the board of directors of, or a person financially interested in, any gambling operation subject to the jurisdiction of this Board, or any race track, race meeting, racing association or the operations thereof subject to the jurisdiction of the Illinois Racing Board. No Board member shall hold any other public office for which he shall receive compensation other than necessary travel or other incidental expenses. No person shall be a member of the Board who is not of good moral character or who has been convicted of, or is under indictment for, a felony under the laws of Illinois or any other state, or the United States.
  - (6) Any member of the Board may be removed by the Governor for neglect of duty, misfeasance, malfeasance, or nonfeasance in office.
  - (7) Before entering upon the discharge of the duties of his office, each member of the Board shall take an oath that he will faithfully execute the duties of his office according to the laws of the State and the rules and regulations adopted therewith and shall give bond to the State of Illinois, approved by the Governor, in the sum of \$25,000. Every such bond, when duly executed and approved, shall be recorded in the office of the Secretary of State. Whenever the Governor determines that the bond of any member of the Board has become or is likely to become invalid or insufficient, he shall

require such member forthwith to renew his bond, which is to be approved by the Governor. Any member of the Board who fails to take oath and give bond within 30 days from the date of his appointment, or who fails to renew his bond within 30 days after it is demanded by the Governor, shall be guilty of neglect of duty and may be removed by the Governor. The cost of any bond given by any member of the Board under this Section shall be taken to be a part of the necessary expenses of the Board.

- (8) Upon the request of the Board, the Department shall employ such personnel as may be necessary to carry out the functions of the Board. No person shall be employed to serve the Board who is, or whose spouse, parent or child is, an official of, or has a financial interest in or financial relation with, any operator engaged in gambling operations within this State or any organization engaged in conducting horse racing within this State. Any employee violating these prohibitions shall be subject to termination of employment.
- (9) An Administrator shall perform any and all duties that the Board shall assign him. The salary of the Administrator shall be determined by the Board and approved by the Director of the Department and, in addition, he shall be reimbursed for all actual and necessary expenses incurred by him in discharge of his official duties. The Administrator shall keep records of all proceedings of the Board and shall preserve all records, books, documents and other papers belonging to the Board or entrusted to its care. The Administrator shall devote his full time to the duties of the office and shall not hold any other office or employment.
- (b) The Board shall have general responsibility for the implementation of this Act. Its duties include, without limitation, the following:
  - (1) To decide promptly and in reasonable order all license applications. Any party aggrieved by an action of the Board denying, suspending, revoking, restricting or refusing to renew a license may request a hearing before

the Board. A request for a hearing must be made to the Board in writing within 5 days after service of notice of the action of the Board. Notice of the action of the Board shall be served either by personal delivery or by certified mail, postage prepaid, to the aggrieved party. Notice served by certified mail shall be deemed complete on the business day following the date of such mailing. The Board shall conduct all requested hearings promptly and in reasonable order;

- (2) To conduct all hearings pertaining to civil violations of this Act or rules and regulations promulgated hereunder;
- (3) To promulgate such rules and regulations as in its judgment may be necessary to protect or enhance the credibility and integrity of gambling operations authorized by this Act and the regulatory process hereunder;
- (4) To provide for the establishment and collection of all license and registration fees and taxes imposed by this Act and the rules and regulations issued pursuant hereto. All such fees and taxes shall be deposited into the State Gaming Fund;
- (5) To provide for the levy and collection of penalties and fines for the violation of provisions of this Act and the rules and regulations promulgated hereunder. All such fines and penalties shall be deposited into the Education Assistance Fund, created by Public Act 86-0018, of the State of Illinois;
- (6) To be present through its inspectors and agents any time gambling operations are conducted on any riverboat for the purpose of certifying the revenue thereof, receiving complaints from the public, and conducting such other investigations into the conduct of the gambling games and the maintenance of the equipment as from time to time the Board may deem necessary and proper;
  - (7) To review and rule upon any complaint by a licensee

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regarding any investigative procedures of the State which are unnecessarily disruptive of gambling operations. The need to inspect and investigate shall be presumed at all times. The disruption of a licensee's operations shall be proved by clear and convincing evidence, and establish that: (A) the procedures had no reasonable law enforcement purposes, and (B) the procedures were so disruptive as to unreasonably inhibit gambling operations;

- (8) To hold at least one meeting each quarter of the fiscal year. In addition, special meetings may be called by the Chairman or any 2 Board members upon 72 hours written notice to each member. All Board meetings shall be subject to the Open Meetings Act. Three members of the Board shall constitute a quorum, and 3 votes shall be required for any final determination by the Board. The Board shall keep a complete and accurate record of all its meetings. A majority of the members of the Board shall constitute a quorum for the transaction of any business, for the performance of any duty, or for the exercise of any power which this Act requires the Board members to transact, perform or exercise en banc, except that, upon order of the Board, one of the Board members or an administrative law judge designated by the Board may conduct any hearing provided for under this Act or by Board rule and may recommend findings and decisions to the Board. The Board member or administrative law judge conducting such hearing shall have all powers and rights granted to the Board in this Act. The record made at the time of the hearing shall be reviewed by the Board, or a majority thereof, and the findings and decision of the majority of the Board shall constitute the order of the Board in such case;
- (9) To maintain records which are separate and distinct from the records of any other State board or commission. Such records shall be available for public inspection and shall accurately reflect all Board proceedings;
  - (10) To file a written annual report with the Governor

on or before March 1 each year and such additional reports as the Governor may request. The annual report shall include a statement of receipts and disbursements by the Board, actions taken by the Board, and any additional information and recommendations which the Board may deem valuable or which the Governor may request;

#### (11) (Blank); and

(12) To assume responsibility for the administration and enforcement of the Bingo License and Tax Act, the Charitable Games Act, and the Pull Tabs and Jar Games Act if such responsibility is delegated to it by the Director of Revenue; and  $\div$ 

## (13) To assume responsibility for administration and enforcement of the Video Gaming Act.

- (c) The Board shall have jurisdiction over and shall supervise all gambling operations governed by this Act. The Board shall have all powers necessary and proper to fully and effectively execute the provisions of this Act, including, but not limited to, the following:
  - (1) To investigate applicants and determine the eligibility of applicants for licenses and to select among competing applicants the applicants which best serve the interests of the citizens of Illinois.
  - (2) To have jurisdiction and supervision over all riverboat gambling operations in this State and all persons on riverboats where gambling operations are conducted.
  - (3) To promulgate rules and regulations for the purpose of administering the provisions of this Act and to prescribe rules, regulations and conditions under which all riverboat gambling in the State shall be conducted. Such rules and regulations are to provide for the prevention of practices detrimental to the public interest and for the best interests of riverboat gambling, including rules and regulations regarding the inspection of such riverboats and the review of any permits or licenses necessary to operate a riverboat under any laws or

regulations applicable to riverboats, and to impose penalties for violations thereof.

- (4) To enter the office, riverboats, facilities, or other places of business of a licensee, where evidence of the compliance or noncompliance with the provisions of this Act is likely to be found.
- (5) To investigate alleged violations of this Act or the rules of the Board and to take appropriate disciplinary action against a licensee or a holder of an occupational license for a violation, or institute appropriate legal action for enforcement, or both.
- (6) To adopt standards for the licensing of all persons under this Act, as well as for electronic or mechanical gambling games, and to establish fees for such licenses.
- (7) To adopt appropriate standards for all riverboats and facilities.
- (8) To require that the records, including financial or other statements of any licensee under this Act, shall be kept in such manner as prescribed by the Board and that any such licensee involved in the ownership or management of gambling operations submit to the Board an annual balance sheet and profit and loss statement, list of the stockholders or other persons having a 1% or greater beneficial interest in the gambling activities of each licensee, and any other information the Board deems necessary in order to effectively administer this Act and all rules, regulations, orders and final decisions promulgated under this Act.
- (9) To conduct hearings, issue subpoenas for the attendance of witnesses and subpoenas duces tecum for the production of books, records and other pertinent documents in accordance with the Illinois Administrative Procedure Act, and to administer oaths and affirmations to the witnesses, when, in the judgment of the Board, it is necessary to administer or enforce this Act or the Board rules.

- (10) To prescribe a form to be used by any licensee involved in the ownership or management of gambling operations as an application for employment for their employees.
- (11) To revoke or suspend licenses, as the Board may see fit and in compliance with applicable laws of the State regarding administrative procedures, and to review applications for the renewal of licenses. The Board may suspend an owners license, without notice or hearing upon a determination that the safety or health of patrons or employees is jeopardized by continuing a riverboat's operation. The suspension may remain in effect until the Board determines that the cause for suspension has been abated. The Board may revoke the owners license upon a determination that the owner has not made satisfactory progress toward abating the hazard.
- (12) To eject or exclude or authorize the ejection or exclusion of, any person from riverboat gambling facilities where such person is in violation of this Act, rules and regulations thereunder, or final orders of the Board, or where such person's conduct or reputation is such that his presence within the riverboat gambling facilities may, in the opinion of the Board, call into question the honesty and integrity of the gambling operations or interfere with orderly conduct thereof; provided that the propriety of such ejection or exclusion is subject to subsequent hearing by the Board.
- (13) To require all licensees of gambling operations to utilize a cashless wagering system whereby all players' money is converted to tokens, electronic cards, or chips which shall be used only for wagering in the gambling establishment.
  - (14) (Blank).
- (15) To suspend, revoke or restrict licenses, to require the removal of a licensee or an employee of a licensee for a violation of this Act or a Board rule or for

engaging in a fraudulent practice, and to impose civil penalties of up to \$5,000 against individuals and up to \$10,000 or an amount equal to the daily gross receipts, whichever is larger, against licensees for each violation of any provision of the Act, any rules adopted by the Board, any order of the Board or any other action which, in the Board's discretion, is a detriment or impediment to riverboat gambling operations.

- (16) To hire employees to gather information, conduct investigations and carry out any other tasks contemplated under this Act.
- (17) To establish minimum levels of insurance to be maintained by licensees.
- (18) To authorize a licensee to sell or serve alcoholic liquors, wine or beer as defined in the Liquor Control Act of 1934 on board a riverboat and to have exclusive authority to establish the hours for sale and consumption of alcoholic liquor on board a riverboat, notwithstanding any provision of the Liquor Control Act of 1934 or any local ordinance, and regardless of whether the riverboat makes excursions. The establishment of the hours for sale and consumption of alcoholic liquor on board a riverboat is an exclusive power and function of the State. A home rule unit may not establish the hours for sale and consumption of alcoholic liquor on board a riverboat. This amendatory Act of 1991 is a denial and limitation of home rule powers and functions under subsection (h) of Section 6 of Article VII of the Illinois Constitution.
- (19) After consultation with the U.S. Army Corps of Engineers, to establish binding emergency orders upon the concurrence of a majority of the members of the Board regarding the navigability of water, relative to excursions, in the event of extreme weather conditions, acts of God or other extreme circumstances.
- (20) To delegate the execution of any of its powers under this Act for the purpose of administering and

- 1 enforcing this Act and its rules and regulations hereunder.
- 2 (21) To take any other action as may be reasonable or
- 3 appropriate to enforce this Act and rules and regulations
- 4 hereunder.
- 5 (d) The Board may seek and shall receive the cooperation of
- 6 the Department of State Police in conducting background
- 7 investigations of applicants and in fulfilling its
- 8 responsibilities under this Section. Costs incurred by the
- 9 Department of State Police as a result of such cooperation
- shall be paid by the Board in conformance with the requirements
- of Section 2605-400 of the Department of State Police Law (20
- 12 ILCS 2605/2605-400).
- (e) The Board must authorize to each investigator and to
- 14 any other employee of the Board exercising the powers of a
- 15 peace officer a distinct badge that, on its face, (i) clearly
- 16 states that the badge is authorized by the Board and (ii)
- 17 contains a unique identifying number. No other badge shall be
- 18 authorized by the Board.
- 19 (Source: P.A. 91-40, eff. 1-1-00; 91-239, eff. 1-1-00; 91-883,
- 20 eff. 1-1-01.)
- 21 Section 190. The Criminal Code of 1961 is amended by
- 22 changing Sections 28-1, 28-1.1, and 28-3 as follows:
- 23 (720 ILCS 5/28-1) (from Ch. 38, par. 28-1)
- Sec. 28-1. Gambling.
- 25 (a) A person commits gambling when he:
- 26 (1) Plays a game of chance or skill for money or other
- thing of value, unless excepted in subsection (b) of this
- 28 Section; or
- 29 (2) Makes a wager upon the result of any game, contest,
- or any political nomination, appointment or election; or
- 31 (3) Operates, keeps, owns, uses, purchases, exhibits,
- rents, sells, bargains for the sale or lease of,
- manufactures or distributes any gambling device; or
- 34 (4) Contracts to have or give himself or another the

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option to buy or sell, or contracts to buy or sell, at a future time, any grain or other commodity whatsoever, or any stock or security of any company, where it is at the time of making such contract intended by both parties thereto that the contract to buy or sell, or the option, whenever exercised, or the contract resulting therefrom, shall be settled, not by the receipt or delivery of such property, but by the payment only of differences in prices thereof; however, the issuance, purchase, sale, exercise, endorsement or guarantee, by or through a person registered with the Secretary of State pursuant to Section 8 of the Illinois Securities Law of 1953, or by or through a person exempt from such registration under said Section 8, of a put, call, or other option to buy or sell securities which have been registered with the Secretary of State or which are exempt from such registration under Section 3 of the Illinois Securities Law of 1953 is not gambling within the meaning of this paragraph (4); or

- (5) Knowingly owns or possesses any book, instrument or apparatus by means of which bets or wagers have been, or are, recorded or registered, or knowingly possesses any money which he has received in the course of a bet or wager; or
- (6) Sells pools upon the result of any game or contest of skill or chance, political nomination, appointment or election; or
- (7) Sets up or promotes any lottery or sells, offers to sell or transfers any ticket or share for any lottery; or
- (8) Sets up or promotes any policy game or sells, offers to sell or knowingly possesses or transfers any policy ticket, slip, record, document or other similar device; or
- (9) Knowingly drafts, prints or publishes any lottery ticket or share, or any policy ticket, slip, record, document or similar device, except for such activity related to lotteries, bingo games and raffles authorized by

and conducted in accordance with the laws of Illinois or any other state or foreign government; or

- (10) Knowingly advertises any lottery or policy game, except for such activity related to lotteries, bingo games and raffles authorized by and conducted in accordance with the laws of Illinois or any other state; or
- (11) Knowingly transmits information as to wagers, betting odds, or changes in betting odds by telephone, telegraph, radio, semaphore or similar means; or knowingly installs or maintains equipment for the transmission or receipt of such information; except that nothing in this subdivision (11) prohibits transmission or receipt of such information for use in news reporting of sporting events or contests; or
- (12) Knowingly establishes, maintains, or operates an Internet site that permits a person to play a game of chance or skill for money or other thing of value by means of the Internet or to make a wager upon the result of any game, contest, political nomination, appointment, or election by means of the Internet.
- (b) Participants in any of the following activities shall not be convicted of gambling therefor:
  - (1) Agreements to compensate for loss caused by the happening of chance including without limitation contracts of indemnity or guaranty and life or health or accident insurance;
  - (2) Offers of prizes, award or compensation to the actual contestants in any bona fide contest for the determination of skill, speed, strength or endurance or to the owners of animals or vehicles entered in such contest;
  - (3) Pari-mutuel betting as authorized by the law of this State;
  - (4) Manufacture of gambling devices, including the acquisition of essential parts therefor and the assembly thereof, for transportation in interstate or foreign commerce to any place outside this State when such

video gaming terminals, as defined in the Video Gaming Ac	-	transportation is not prohibited by any applicable Federal
by manufacturers, distributors, and terminal operator	)	law; or the manufacture, distribution, or possession of
	3	video gaming terminals, as defined in the Video Gaming Act,
licensed to do so under the Video Gaming Act;	<u> </u>	by manufacturers, distributors, and terminal operators
		licensed to do so under the Video Gaming Act;

- (5) The game commonly known as "bingo", when conducted in accordance with the Bingo License and Tax Act;
- (6) Lotteries when conducted by the State of Illinois in accordance with the Illinois Lottery Law;
- (7) Possession of an antique slot machine that is neither used nor intended to be used in the operation or promotion of any unlawful gambling activity or enterprise. For the purpose of this subparagraph (b)(7), an antique slot machine is one manufactured 25 years ago or earlier;
- (8) Raffles when conducted in accordance with the Raffles Act;
- (9) Charitable games when conducted in accordance with the Charitable Games Act;
- (10) Pull tabs and jar games when conducted under the Illinois Pull Tabs and Jar Games Act;  $\frac{1}{2}$
- (11) Gambling games conducted on riverboats when authorized by the Riverboat Gambling Act; or
- (12) Video gaming terminal games at a licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment when conducted in accordance with the Video Gaming Act.
- 28 (c) Sentence.

Gambling under subsection (a) (1) or (a) (2) of this Section is a Class A misdemeanor. Gambling under any of subsections (a) (3) through (a) (11) of this Section is a Class A misdemeanor. A second or subsequent conviction under any of subsections (a) (3) through (a) (11), is a Class 4 felony. Gambling under subsection (a) (12) of this Section is a Class A misdemeanor. A second or subsequent conviction under subsection (a) (12) is a Class 4 felony.

- 1 (d) Circumstantial evidence.
- 2 In prosecutions under subsection (a) (1) through (a) (12) of
- 3 this Section circumstantial evidence shall have the same
- 4 validity and weight as in any criminal prosecution.
- 5 (Source: P.A. 91-257, eff. 1-1-00.)
- 6 (720 ILCS 5/28-1.1) (from Ch. 38, par. 28-1.1)
- 7 Sec. 28-1.1. Syndicated gambling.
  - (a) Declaration of Purpose. Recognizing the close relationship between professional gambling and other organized crime, it is declared to be the policy of the legislature to restrain persons from engaging in the business of gambling for profit in this State. This Section shall be liberally construed and administered with a view to carrying out this policy.
  - (b) A person commits syndicated gambling when he operates a "policy game" or engages in the business of bookmaking.
    - (c) A person "operates a policy game" when he knowingly uses any premises or property for the purpose of receiving or knowingly does receive from what is commonly called "policy":
      - (1) money from a person other than the better or player whose bets or plays are represented by such money; or
      - (2) written "policy game" records, made or used over any period of time, from a person other than the better or player whose bets or plays are represented by such written record.
    - (d) A person engages in bookmaking when he receives or accepts more than five bets or wagers upon the result of any trials or contests of skill, speed or power of endurance or upon any lot, chance, casualty, unknown or contingent event whatsoever, which bets or wagers shall be of such size that the total of the amounts of money paid or promised to be paid to such bookmaker on account thereof shall exceed \$2,000. Bookmaking is the receiving or accepting of such bets or wagers regardless of the form or manner in which the bookmaker records them.
      - (e) Participants in any of the following activities shall

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not be	convicted	OT	syndicated	qambiling:

- (1) Agreements to compensate for loss caused by the happening of chance including without limitation contracts of indemnity or guaranty and life or health or accident insurance; and
- (2) Offers of prizes, award or compensation to the actual contestants in any bona fide contest for the determination of skill, speed, strength or endurance or to the owners of animals or vehicles entered in such contest; and
- (3) Pari-mutuel betting as authorized by law of this State; and
  - (4) Manufacture of gambling devices, including the acquisition of essential parts therefor and the assembly thereof, for transportation in interstate or foreign commerce to any place outside this State when such transportation is not prohibited by any applicable Federal law; and
  - (5) Raffles when conducted in accordance with the Raffles Act; and
  - (6) Gambling games conducted on riverboats when authorized by the Riverboat Gambling Act; and.
  - (7) Video gaming terminal games at a licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment when conducted in accordance with the Video Gaming Act.
- 28 (f) Sentence. Syndicated gambling is a Class 3 felony.
  29 (Source: P.A. 86-1029; 87-435.)
- 30 (720 ILCS 5/28-3) (from Ch. 38, par. 28-3)
- Sec. 28-3. Keeping a Gambling Place. A "gambling place" is any real estate, vehicle, boat or any other property whatsoever used for the purposes of gambling other than gambling conducted in the manner authorized by the Riverboat Gambling Act or the Video Gaming Act. Any person who knowingly permits any premises

- or property owned or occupied by him or under his control to be
- 2 used as a gambling place commits a Class A misdemeanor. Each
- 3 subsequent offense is a Class 4 felony. When any premises is
- 4 determined by the circuit court to be a gambling place:
- 5 (a) Such premises is a public nuisance and may be proceeded 6 against as such, and
- 7 (b) All licenses, permits or certificates issued by the
- 8 State of Illinois or any subdivision or public agency thereof
- 9 authorizing the serving of food or liquor on such premises
- 10 shall be void; and no license, permit or certificate so
- 11 cancelled shall be reissued for such premises for a period of
- 12 60 days thereafter; nor shall any person convicted of keeping a
- gambling place be reissued such license for one year from his
- 14 conviction and, after a second conviction of keeping a gambling
- place, any such person shall not be reissued such license, and
- 16 (c) Such premises of any person who knowingly permits
- 17 thereon a violation of any Section of this Article shall be
- 18 held liable for, and may be sold to pay any unsatisfied
- judgment that may be recovered and any unsatisfied fine that
- 20 may be levied under any Section of this Article.
- 21 (Source: P.A. 86-1029.)
- 22 Section 195. The State Finance Act is amended by adding
- 23 Section 5.625 as follows:
- 24 (30 ILCS 105/5.625 new)
- 25 <u>Sec. 5.625. The Local Government Video Gaming Distributive</u>
- 26 <u>Fund.</u>
- 27 Section 999. Effective date. This Act takes effect upon
- 28 becoming law.