



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB4581

by Rep. William B. Black

SYNOPSIS AS INTRODUCED:

230 ILCS 10/7
230 ILCS 10/7.5

from Ch. 120, par. 2407

Amends the Riverboat Gambling Act. Provides that the Board may issue one additional owners license subject to the competitive bidding process described in Section 7.5 pursuant to a minimum bid of \$60,000,000 that authorizes the conduct of gambling in a municipality with a population of less than 50,000; however, the licensee must not conduct gambling pursuant to this license within 50 miles from a licensed riverboat in operation on the effective date of the amendatory Act. Provides that, in granting the new owners license, the Illinois Gaming Board must give favorable consideration to economically depressed areas of the State, to applicants presenting plans that provide for significant economic development over a large geographic area, and to applicants who currently operate non-gambling riverboats in Illinois (for other licenses, the Board may give favorable consideration to these things). Effective immediately.

LRB095 17098 AMC 43151 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 Riverboat Gambling Act is amended by
5 changing Sections 7 and 7.5 as follows:

6 (230 ILCS 10/7) (from Ch. 120, par. 2407)

7 Sec. 7. Owners Licenses.

8 (a) The Board shall issue owners licenses to persons, firms
9 or corporations which apply for such licenses upon payment to
10 the Board of the non-refundable license fee set by the Board,
11 upon payment of a \$25,000 license fee for the first year of
12 operation and a \$5,000 license fee for each succeeding year and
13 upon a determination by the Board that the applicant is
14 eligible for an owners license pursuant to this Act and the
15 rules of the Board. For a period of 2 years beginning on the
16 effective date of this amendatory Act of the 94th General
17 Assembly, as a condition of licensure and as an alternative
18 source of payment for those funds payable under subsection
19 (c-5) of Section 13 of the Riverboat Gambling Act, any owners
20 licensee that holds or receives its owners license on or after
21 the effective date of this amendatory Act of the 94th General
22 Assembly, other than an owners licensee operating a riverboat
23 with adjusted gross receipts in calendar year 2004 of less than

1 \$200,000,000, must pay into the Horse Racing Equity Trust Fund,
2 in addition to any other payments required under this Act, an
3 amount equal to 3% of the adjusted gross receipts received by
4 the owners licensee. The payments required under this Section
5 shall be made by the owners licensee to the State Treasurer no
6 later than 3:00 o'clock p.m. of the day after the day when the
7 adjusted gross receipts were received by the owners licensee. A
8 person, firm or corporation is ineligible to receive an owners
9 license if:

10 (1) the person has been convicted of a felony under the
11 laws of this State, any other state, or the United States;

12 (2) the person has been convicted of any violation of
13 Article 28 of the Criminal Code of 1961, or substantially
14 similar laws of any other jurisdiction;

15 (3) the person has submitted an application for a
16 license under this Act which contains false information;

17 (4) the person is a member of the Board;

18 (5) a person defined in (1), (2), (3) or (4) is an
19 officer, director or managerial employee of the firm or
20 corporation;

21 (6) the firm or corporation employs a person defined in
22 (1), (2), (3) or (4) who participates in the management or
23 operation of gambling operations authorized under this
24 Act;

25 (7) (blank); or

26 (8) a license of the person, firm or corporation issued

1 under this Act, or a license to own or operate gambling
2 facilities in any other jurisdiction, has been revoked.

3 (b) In determining whether to grant an owners license to an
4 applicant, the Board shall consider:

5 (1) the character, reputation, experience and
6 financial integrity of the applicants and of any other or
7 separate person that either:

8 (A) controls, directly or indirectly, such
9 applicant, or

10 (B) is controlled, directly or indirectly, by such
11 applicant or by a person which controls, directly or
12 indirectly, such applicant;

13 (2) the facilities or proposed facilities for the
14 conduct of riverboat gambling;

15 (3) the highest prospective total revenue to be derived
16 by the State from the conduct of riverboat gambling;

17 (4) the extent to which the ownership of the applicant
18 reflects the diversity of the State by including minority
19 persons and females and the good faith affirmative action
20 plan of each applicant to recruit, train and upgrade
21 minority persons and females in all employment
22 classifications;

23 (5) the financial ability of the applicant to purchase
24 and maintain adequate liability and casualty insurance;

25 (6) whether the applicant has adequate capitalization
26 to provide and maintain, for the duration of a license, a

1 riverboat;

2 (7) the extent to which the applicant exceeds or meets
3 other standards for the issuance of an owners license which
4 the Board may adopt by rule; and

5 (8) The amount of the applicant's license bid.

6 (c) Each owners license shall specify the place where
7 riverboats shall operate and dock.

8 (d) Each applicant shall submit with his application, on
9 forms provided by the Board, 2 sets of his fingerprints.

10 (e) The Board may issue up to 10 licenses authorizing the
11 holders of such licenses to own riverboats. In the application
12 for an owners license, the applicant shall state the dock at
13 which the riverboat is based and the water on which the
14 riverboat will be located. The Board shall issue 5 licenses to
15 become effective not earlier than January 1, 1991. Three of
16 such licenses shall authorize riverboat gambling on the
17 Mississippi River, or, with approval by the municipality in
18 which the riverboat was docked on August 7, 2003 and with Board
19 approval, be authorized to relocate to a new location, in a
20 municipality that (1) borders on the Mississippi River or is
21 within 5 miles of the city limits of a municipality that
22 borders on the Mississippi River and (2), on August 7, 2003,
23 had a riverboat conducting riverboat gambling operations
24 pursuant to a license issued under this Act; one of which shall
25 authorize riverboat gambling from a home dock in the city of
26 East St. Louis. One other license shall authorize riverboat

1 gambling on the Illinois River south of Marshall County. The
2 Board shall issue one additional license to become effective
3 not earlier than March 1, 1992, which shall authorize riverboat
4 gambling on the Des Plaines River in Will County. The Board may
5 issue 4 additional licenses to become effective not earlier
6 than March 1, 1992. After the effective date of this amendatory
7 Act of the 95th General Assembly, the Board may issue one
8 additional license subject to the competitive bidding process
9 described in Section 7.5 pursuant to a minimum bid of
10 \$60,000,000 that authorizes the conduct of gambling in a
11 municipality with a population of less than 50,000; however,
12 the licensee must not conduct gambling pursuant to this license
13 within 50 miles from a licensed riverboat in operation on the
14 effective date of this amendatory Act of the 95th General
15 Assembly. In determining the water upon which riverboats will
16 operate, the Board shall consider the economic benefit which
17 riverboat gambling confers on the State, and shall seek to
18 assure that all regions of the State share in the economic
19 benefits of riverboat gambling.

20 In granting all licenses, the Board may give favorable
21 consideration to economically depressed areas of the State, to
22 applicants presenting plans which provide for significant
23 economic development over a large geographic area, and to
24 applicants who currently operate non-gambling riverboats in
25 Illinois; however, the Board must give favorable consideration
26 to these factors in granting the owners license located in a

1 municipality of less than 50,000 population. The Board shall
2 review all applications for owners licenses, and shall inform
3 each applicant of the Board's decision. The Board may grant an
4 owners license to an applicant that has not submitted the
5 highest license bid, but if it does not select the highest
6 bidder, the Board shall issue a written decision explaining why
7 another applicant was selected and identifying the factors set
8 forth in this Section that favored the winning bidder.

9 In addition to any other revocation powers granted to the
10 Board under this Act, the Board may revoke the owners license
11 of a licensee which fails to begin conducting gambling within
12 15 months of receipt of the Board's approval of the application
13 if the Board determines that license revocation is in the best
14 interests of the State.

15 (f) The ~~first 10~~ owners licenses issued under this Act
16 shall permit the holder to own up to 2 riverboats and equipment
17 thereon for a period of 3 years after the effective date of the
18 license. Holders of the ~~first 10~~ owners licenses must pay the
19 annual license fee for each of the 3 years during which they
20 are authorized to own riverboats.

21 (g) Upon the termination, expiration, or revocation of each
22 of the ~~first 10~~ licenses, which shall be issued for a 3 year
23 period, all licenses are renewable annually upon payment of the
24 fee and a determination by the Board that the licensee
25 continues to meet all of the requirements of this Act and the
26 Board's rules. However, for licenses renewed on or after May 1,

1 1998, renewal shall be for a period of 4 years, unless the
2 Board sets a shorter period.

3 (h) An owners license shall entitle the licensee to own up
4 to 2 riverboats. A licensee shall limit the number of gambling
5 participants to 1,200 for any such owners license. A licensee
6 may operate both of its riverboats concurrently, provided that
7 the total number of gambling participants on both riverboats
8 does not exceed 1,200. Riverboats licensed to operate on the
9 Mississippi River and the Illinois River south of Marshall
10 County shall have an authorized capacity of at least 500
11 persons. Any other riverboat licensed under this Act shall have
12 an authorized capacity of at least 400 persons.

13 (i) A licensed owner is authorized to apply to the Board
14 for and, if approved therefor, to receive all licenses from the
15 Board necessary for the operation of a riverboat, including a
16 liquor license, a license to prepare and serve food for human
17 consumption, and other necessary licenses. All use, occupation
18 and excise taxes which apply to the sale of food and beverages
19 in this State and all taxes imposed on the sale or use of
20 tangible personal property apply to such sales aboard the
21 riverboat.

22 (j) The Board may issue or re-issue a license authorizing a
23 riverboat to dock in a municipality or approve a relocation
24 under Section 11.2 only if, prior to the issuance or
25 re-issuance of the license or approval, the governing body of
26 the municipality in which the riverboat will dock has by a

1 majority vote approved the docking of riverboats in the
2 municipality. The Board may issue or re-issue a license
3 authorizing a riverboat to dock in areas of a county outside
4 any municipality or approve a relocation under Section 11.2
5 only if, prior to the issuance or re-issuance of the license or
6 approval, the governing body of the county has by a majority
7 vote approved of the docking of riverboats within such areas.

8 (Source: P.A. 93-28, eff. 6-20-03; 93-453, eff. 8-7-03; 94-667,
9 eff. 8-23-05; 94-804, eff. 5-26-06.)

10 (230 ILCS 10/7.5)

11 Sec. 7.5. Competitive Bidding. When the Board determines
12 that it will issue an owners license pursuant to an open and
13 competitive bidding process, as set forth in Section 7, that it
14 will re-issue an owners license pursuant to an open and
15 competitive bidding process, as set forth in Section 7.1, or
16 that it will issue a managers license pursuant to an open and
17 competitive bidding process, as set forth in Section 7.4, the
18 open and competitive bidding process shall adhere to the
19 following procedures:

20 (1) The Board shall make applications for owners and
21 managers licenses available to the public and allow a
22 reasonable time for applicants to submit applications to the
23 Board.

24 (2) During the filing period for owners or managers license
25 applications, the Board may retain the services of an

1 investment banking firm to assist the Board in conducting the
2 open and competitive bidding process.

3 (3) After receiving all of the bid proposals, the Board
4 shall open all of the proposals in a public forum and disclose
5 the prospective owners or managers names, venture partners, if
6 any, and, in the case of applicants for owners licenses, the
7 locations of the proposed development sites.

8 (4) The Board shall summarize the terms of the proposals
9 and may make this summary available to the public.

10 (5) The Board shall evaluate the proposals within a
11 reasonable time and select no more than 3 final applicants to
12 make presentations of their proposals to the Board.

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

15 (7) As soon as practicable after the public presentations
16 by the final applicants, the Board, in its discretion, may
17 conduct further negotiations among the 3 final applicants.
18 During such negotiations, each final applicant may increase its
19 license bid or otherwise enhance its bid proposal. At the
20 conclusion of such negotiations, the Board shall select the
21 winning proposal. In the case of negotiations for an owners
22 license, the Board may, at the conclusion of such negotiations,
23 make the determination allowed under Section 7.3(a).

24 (8) Upon selection of a winning bid, the Board shall
25 evaluate the winning bid within a reasonable period of time for
26 licensee suitability in accordance with all applicable

1 statutory and regulatory criteria.

2 (9) If the winning bidder is unable or otherwise fails to
3 consummate the transaction, (including if the Board determines
4 that the winning bidder does not satisfy the suitability
5 requirements), the Board may, on the same criteria, select from
6 the remaining bidders or make the determination allowed under
7 Section 7.3(a).

8 (Source: P.A. 93-28, eff. 6-20-03.)

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