



Sen. John J. Cullerton

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09700HB4148sam003

LRB097 17765 AMC 70198 a

1 AMENDMENT TO HOUSE BILL 4148

2 AMENDMENT NO. _____. Amend House Bill 4148, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Illinois Administrative Procedure Act is
6 amended by changing Section 5-45 as follows:

7 (5 ILCS 100/5-45) (from Ch. 127, par. 1005-45)

8 Sec. 5-45. Emergency rulemaking.

9 (a) "Emergency" means the existence of any situation that
10 any agency finds reasonably constitutes a threat to the public
11 interest, safety, or welfare.

12 (b) If any agency finds that an emergency exists that
13 requires adoption of a rule upon fewer days than is required by
14 Section 5-40 and states in writing its reasons for that
15 finding, the agency may adopt an emergency rule without prior
16 notice or hearing upon filing a notice of emergency rulemaking

1 with the Secretary of State under Section 5-70. The notice
2 shall include the text of the emergency rule and shall be
3 published in the Illinois Register. Consent orders or other
4 court orders adopting settlements negotiated by an agency may
5 be adopted under this Section. Subject to applicable
6 constitutional or statutory provisions, an emergency rule
7 becomes effective immediately upon filing under Section 5-65 or
8 at a stated date less than 10 days thereafter. The agency's
9 finding and a statement of the specific reasons for the finding
10 shall be filed with the rule. The agency shall take reasonable
11 and appropriate measures to make emergency rules known to the
12 persons who may be affected by them.

13 (c) An emergency rule may be effective for a period of not
14 longer than 150 days, but the agency's authority to adopt an
15 identical rule under Section 5-40 is not precluded. No
16 emergency rule may be adopted more than once in any 24 month
17 period, except that this limitation on the number of emergency
18 rules that may be adopted in a 24 month period does not apply
19 to (i) emergency rules that make additions to and deletions
20 from the Drug Manual under Section 5-5.16 of the Illinois
21 Public Aid Code or the generic drug formulary under Section
22 3.14 of the Illinois Food, Drug and Cosmetic Act, (ii)
23 emergency rules adopted by the Pollution Control Board before
24 July 1, 1997 to implement portions of the Livestock Management
25 Facilities Act, (iii) emergency rules adopted by the Illinois
26 Department of Public Health under subsections (a) through (i)

1 of Section 2 of the Department of Public Health Act when
2 necessary to protect the public's health, (iv) emergency rules
3 adopted pursuant to subsection (n) of this Section, or (v)
4 emergency rules adopted pursuant to subsection (o) of this
5 Section. Two or more emergency rules having substantially the
6 same purpose and effect shall be deemed to be a single rule for
7 purposes of this Section.

8 (d) In order to provide for the expeditious and timely
9 implementation of the State's fiscal year 1999 budget,
10 emergency rules to implement any provision of Public Act 90-587
11 or 90-588 or any other budget initiative for fiscal year 1999
12 may be adopted in accordance with this Section by the agency
13 charged with administering that provision or initiative,
14 except that the 24-month limitation on the adoption of
15 emergency rules and the provisions of Sections 5-115 and 5-125
16 do not apply to rules adopted under this subsection (d). The
17 adoption of emergency rules authorized by this subsection (d)
18 shall be deemed to be necessary for the public interest,
19 safety, and welfare.

20 (e) In order to provide for the expeditious and timely
21 implementation of the State's fiscal year 2000 budget,
22 emergency rules to implement any provision of this amendatory
23 Act of the 91st General Assembly or any other budget initiative
24 for fiscal year 2000 may be adopted in accordance with this
25 Section by the agency charged with administering that provision
26 or initiative, except that the 24-month limitation on the

1 adoption of emergency rules and the provisions of Sections
2 5-115 and 5-125 do not apply to rules adopted under this
3 subsection (e). The adoption of emergency rules authorized by
4 this subsection (e) shall be deemed to be necessary for the
5 public interest, safety, and welfare.

6 (f) In order to provide for the expeditious and timely
7 implementation of the State's fiscal year 2001 budget,
8 emergency rules to implement any provision of this amendatory
9 Act of the 91st General Assembly or any other budget initiative
10 for fiscal year 2001 may be adopted in accordance with this
11 Section by the agency charged with administering that provision
12 or initiative, except that the 24-month limitation on the
13 adoption of emergency rules and the provisions of Sections
14 5-115 and 5-125 do not apply to rules adopted under this
15 subsection (f). The adoption of emergency rules authorized by
16 this subsection (f) shall be deemed to be necessary for the
17 public interest, safety, and welfare.

18 (g) In order to provide for the expeditious and timely
19 implementation of the State's fiscal year 2002 budget,
20 emergency rules to implement any provision of this amendatory
21 Act of the 92nd General Assembly or any other budget initiative
22 for fiscal year 2002 may be adopted in accordance with this
23 Section by the agency charged with administering that provision
24 or initiative, except that the 24-month limitation on the
25 adoption of emergency rules and the provisions of Sections
26 5-115 and 5-125 do not apply to rules adopted under this

1 subsection (g). The adoption of emergency rules authorized by
2 this subsection (g) shall be deemed to be necessary for the
3 public interest, safety, and welfare.

4 (h) In order to provide for the expeditious and timely
5 implementation of the State's fiscal year 2003 budget,
6 emergency rules to implement any provision of this amendatory
7 Act of the 92nd General Assembly or any other budget initiative
8 for fiscal year 2003 may be adopted in accordance with this
9 Section by the agency charged with administering that provision
10 or initiative, except that the 24-month limitation on the
11 adoption of emergency rules and the provisions of Sections
12 5-115 and 5-125 do not apply to rules adopted under this
13 subsection (h). The adoption of emergency rules authorized by
14 this subsection (h) shall be deemed to be necessary for the
15 public interest, safety, and welfare.

16 (i) In order to provide for the expeditious and timely
17 implementation of the State's fiscal year 2004 budget,
18 emergency rules to implement any provision of this amendatory
19 Act of the 93rd General Assembly or any other budget initiative
20 for fiscal year 2004 may be adopted in accordance with this
21 Section by the agency charged with administering that provision
22 or initiative, except that the 24-month limitation on the
23 adoption of emergency rules and the provisions of Sections
24 5-115 and 5-125 do not apply to rules adopted under this
25 subsection (i). The adoption of emergency rules authorized by
26 this subsection (i) shall be deemed to be necessary for the

1 public interest, safety, and welfare.

2 (j) In order to provide for the expeditious and timely
3 implementation of the provisions of the State's fiscal year
4 2005 budget as provided under the Fiscal Year 2005 Budget
5 Implementation (Human Services) Act, emergency rules to
6 implement any provision of the Fiscal Year 2005 Budget
7 Implementation (Human Services) Act may be adopted in
8 accordance with this Section by the agency charged with
9 administering that provision, except that the 24-month
10 limitation on the adoption of emergency rules and the
11 provisions of Sections 5-115 and 5-125 do not apply to rules
12 adopted under this subsection (j). The Department of Public Aid
13 may also adopt rules under this subsection (j) necessary to
14 administer the Illinois Public Aid Code and the Children's
15 Health Insurance Program Act. The adoption of emergency rules
16 authorized by this subsection (j) shall be deemed to be
17 necessary for the public interest, safety, and welfare.

18 (k) In order to provide for the expeditious and timely
19 implementation of the provisions of the State's fiscal year
20 2006 budget, emergency rules to implement any provision of this
21 amendatory Act of the 94th General Assembly or any other budget
22 initiative for fiscal year 2006 may be adopted in accordance
23 with this Section by the agency charged with administering that
24 provision or initiative, except that the 24-month limitation on
25 the adoption of emergency rules and the provisions of Sections
26 5-115 and 5-125 do not apply to rules adopted under this

1 subsection (k). The Department of Healthcare and Family
2 Services may also adopt rules under this subsection (k)
3 necessary to administer the Illinois Public Aid Code, the
4 Senior Citizens and Disabled Persons Property Tax Relief and
5 Pharmaceutical Assistance Act, the Senior Citizens and
6 Disabled Persons Prescription Drug Discount Program Act (now
7 the Illinois Prescription Drug Discount Program Act), and the
8 Children's Health Insurance Program Act. The adoption of
9 emergency rules authorized by this subsection (k) shall be
10 deemed to be necessary for the public interest, safety, and
11 welfare.

12 (l) In order to provide for the expeditious and timely
13 implementation of the provisions of the State's fiscal year
14 2007 budget, the Department of Healthcare and Family Services
15 may adopt emergency rules during fiscal year 2007, including
16 rules effective July 1, 2007, in accordance with this
17 subsection to the extent necessary to administer the
18 Department's responsibilities with respect to amendments to
19 the State plans and Illinois waivers approved by the federal
20 Centers for Medicare and Medicaid Services necessitated by the
21 requirements of Title XIX and Title XXI of the federal Social
22 Security Act. The adoption of emergency rules authorized by
23 this subsection (l) shall be deemed to be necessary for the
24 public interest, safety, and welfare.

25 (m) In order to provide for the expeditious and timely
26 implementation of the provisions of the State's fiscal year

1 2008 budget, the Department of Healthcare and Family Services
2 may adopt emergency rules during fiscal year 2008, including
3 rules effective July 1, 2008, in accordance with this
4 subsection to the extent necessary to administer the
5 Department's responsibilities with respect to amendments to
6 the State plans and Illinois waivers approved by the federal
7 Centers for Medicare and Medicaid Services necessitated by the
8 requirements of Title XIX and Title XXI of the federal Social
9 Security Act. The adoption of emergency rules authorized by
10 this subsection (m) shall be deemed to be necessary for the
11 public interest, safety, and welfare.

12 (n) In order to provide for the expeditious and timely
13 implementation of the provisions of the State's fiscal year
14 2010 budget, emergency rules to implement any provision of this
15 amendatory Act of the 96th General Assembly or any other budget
16 initiative authorized by the 96th General Assembly for fiscal
17 year 2010 may be adopted in accordance with this Section by the
18 agency charged with administering that provision or
19 initiative. The adoption of emergency rules authorized by this
20 subsection (n) shall be deemed to be necessary for the public
21 interest, safety, and welfare. The rulemaking authority
22 granted in this subsection (n) shall apply only to rules
23 promulgated during Fiscal Year 2010.

24 (o) In order to provide for the expeditious and timely
25 implementation of the provisions of the State's fiscal year
26 2011 budget, emergency rules to implement any provision of this

1 amendatory Act of the 96th General Assembly or any other budget
2 initiative authorized by the 96th General Assembly for fiscal
3 year 2011 may be adopted in accordance with this Section by the
4 agency charged with administering that provision or
5 initiative. The adoption of emergency rules authorized by this
6 subsection (o) is deemed to be necessary for the public
7 interest, safety, and welfare. The rulemaking authority
8 granted in this subsection (o) applies only to rules
9 promulgated on or after the effective date of this amendatory
10 Act of the 96th General Assembly through June 30, 2011.

11 (p) In order to provide for the expeditious and timely
12 implementation of Internet gaming, the Division of Internet
13 Gaming may adopt emergency rules to implement the provisions of
14 Section 7.18 of the Illinois Lottery Law. The adoption of
15 emergency rules authorized by this subsection (p) shall be
16 deemed to be necessary for the public interest, safety, and
17 welfare.

18 (Source: P.A. 95-12, eff. 7-2-07; 95-331, eff. 8-21-07; 96-45,
19 eff. 7-15-09; 96-958, eff. 7-1-10; 96-1500, eff. 1-18-11.)

20 Section 10. The Illinois Lottery Law is amended by changing
21 Section 2 and by adding Section 7.18 as follows:

22 (20 ILCS 1605/2) (from Ch. 120, par. 1152)

23 Sec. 2. (a) This Act is enacted to implement and establish
24 within the State a lottery to be conducted by the State through

1 the Department. The entire net proceeds of the Lottery are to
2 be used for the support of the State's Common School Fund,
3 except as provided in subsection (o) of Section 9.1 and
4 Sections 21.2, 21.5, 21.6, 21.7, and 21.8. The General Assembly
5 finds that it is in the public interest for the Department to
6 conduct the functions of the Lottery with the assistance of a
7 private manager under a management agreement overseen by the
8 Department. The Department shall be accountable to the General
9 Assembly and the people of the State through a comprehensive
10 system of regulation, audits, reports, and enduring
11 operational oversight. The Department's ongoing conduct of the
12 Lottery through a management agreement with a private manager
13 shall act to promote and ensure the integrity, security,
14 honesty, and fairness of the Lottery's operation and
15 administration. It is the intent of the General Assembly that
16 the Department shall conduct the Lottery with the assistance of
17 a private manager under a management agreement at all times in
18 a manner consistent with 18 U.S.C. 1307(a)(1), 1307(b)(1),
19 1953(b)(4).

20 (b) It is further the intent of the General Assembly that
21 the Division of Internet Gaming of the Department shall conduct
22 Internet wagering at all times in a manner consistent with the
23 applicable provisions of State and federal law pursuant to
24 Section 7.18 of this Law.

25 (Source: P.A. 95-331, eff. 8-21-07; 95-673, eff. 10-11-07;
26 95-674, eff. 10-11-07; 95-876, eff. 8-21-08; 96-34, eff.

1 7-13-09.)

2 (20 ILCS 1605/7.18 new)

3 Sec. 7.18. Internet gaming; Division of Internet Gaming;
4 powers.

5 (a) The General Assembly finds that the Internet has become
6 an integral part of everyday life for a significant number of
7 Illinois residents, not only in regards to their professional
8 life, but also in regards to personal business and
9 communication. Internet wagering on games of chance and games
10 of skill is a core form of entertainment for millions of
11 individuals worldwide. In multiple jurisdictions across the
12 world, Internet gaming is legal, regulated, and taxed,
13 generating billions of dollars in revenue for governments.

14 The General Assembly further finds that Illinois residents
15 participate in illegal on-line gambling on unregulated
16 Internet websites operated by offshore operators who are not
17 subject to regulation or taxation in the United States. Neither
18 federal nor Illinois laws provide sufficient consumer
19 protections for Illinois residents who play games of chance or
20 skill on these illegal websites, nor does the State realize any
21 benefits from the revenues generated by illegal on-line gaming.

22 On September 20, 2011, the United States Department of
23 Justice issued an opinion reversing its previous
24 interpretation of the federal Wire Act, 18 U.S.C. 1804,
25 allowing states, subject to certain restrictions, to legalize

1 and regulate Internet gaming and capture the revenue for the
2 benefit of state governments. The Department of Justice's
3 opinion was prompted in part by a request made by the
4 Department pursuant to Public Act 96-34. In order to protect
5 Illinois residents who wager on games of chance and skill
6 through the Internet, and to capture revenues generated from
7 Internet gaming, it is in the best interest of the State and
8 its citizens to regulate this activity by authorizing and
9 establishing a secure, responsible, fair, and legal system of
10 Internet gaming that complies with the United States Department
11 of Justice's September 2011 opinion concerning the federal Wire
12 Act. It is also in the best interest of the State to establish
13 an Internet gaming platform consistent with the provisions of
14 this Section to ensure that Illinois is not precluded from
15 reaping the benefits of Internet gaming as contemplated by
16 proposed federal legislation pending before the United States
17 Senate.

18 The General Assembly additionally finds that pursuant to
19 the federal Unlawful Internet Gambling Enforcement Act of 2006
20 (UIEGA), 31 U.S.C. 5301, the provisions of this Section
21 prescribe a lawful exemption to UIEGA and specifically
22 authorize use of the Internet to place, receive, or otherwise
23 knowingly transmit a bet or wager where Internet wagering
24 complies with this Section and rules adopted pursuant to this
25 Section.

26 (b) As used in this Section:

1 "Internet" means the international computer network of
2 interoperable packet-switched data networks, inclusive of such
3 additional technological platforms as mobile, satellite, and
4 other electronic distribution channels approved by the
5 Division.

6 "Internet game" means any variation or composite of an
7 authorized game that is offered through the Internet so long as
8 such games, or variations or composites, are found suitable for
9 use by the Division after an appropriate test or experimental
10 period. "Internet game" also includes gaming tournaments
11 conducted via the Internet in which players compete against one
12 another in one or more of the games authorized in this
13 definition or by the Division or in approved variations or
14 composites as authorized by the Division.

15 "Internet gaming platform" means an interactive set of
16 related data networks controlled by the Division that may be
17 accessed by licensed Internet gaming affiliates for the purpose
18 of offering wagering on Internet games to authorized
19 participants.

20 "Internet wagering" means the placing of wagers using the
21 Division's Internet gaming platform through which licensed
22 Internet gaming affiliates may offer Internet games to persons
23 who have established an Internet wagering account with the
24 Division and who are either physically present in Illinois when
25 placing a wager or otherwise permitted to place a wager by law.
26 The intermediate routing of electronic data in connection with

1 Internet wagering shall not determine the location or locations
2 in which a wager is initiated, received, or otherwise made.

3 "Internet wagering account" means an electronic ledger
4 wherein the following types of transactions relative to the
5 Internet wager system are recorded: (i) deposits; (ii)
6 withdrawals; (iii) amounts wagered; (iv) amounts paid on
7 winning wagers; (v) service or other transaction-related
8 charges authorized by the patron; and (vi) adjustments to the
9 account.

10 "Licensed Internet gaming affiliate" means an individual
11 who is licensed by the Division to offer wagering on Internet
12 games to authorized participants using the Division's Internet
13 gaming platform.

14 (c) The Division of Internet Gaming is established within
15 the Department of the Lottery, and is authorized to establish
16 an Internet gaming platform that may be accessed by licensed
17 Internet gaming affiliates in order to offer wagering on
18 Internet games to individuals who are (1) 21 years of age or
19 older and (2) physically located within the State of Illinois
20 or otherwise permitted to place wagers as provided by law. To
21 the extent consistent with the provisions of this Section, the
22 Division shall be subject to and governed by provisions of this
23 Article and all of the laws and rules applicable to the
24 Department. The Division shall not be subject to any private
25 management agreement established pursuant to Section 9.1 of
26 this Act. The Division of Internet Gaming is also authorized to

1 enter into agreements with other state gaming entities for the
2 purpose of offering multistate Internet games to the extent
3 consistent with State and federal laws. The Division shall not
4 offer Internet wagering on any sporting event or contest,
5 unless doing so is consistent with State and federal laws. The
6 Division shall be funded with moneys appropriated to the
7 Department of the Lottery, as well as from the proceeds of
8 Internet gaming pursuant to subsection (l) of this Section.

9 (d) The Division of Internet Gaming shall only offer
10 wagering on Internet games through the use of licensed Internet
11 gaming affiliates and shall not directly offer wagering on
12 Internet games to authorized participants. Licensed Internet
13 gaming affiliates shall not offer wagering on Internet games to
14 authorized participants unless such wagering is conducted
15 using the Division's Internet gaming platform. The following
16 individuals shall be eligible for licensure by the Division as
17 licensed Internet gaming affiliates: (i) any person who holds a
18 valid and unrevoked owners license issued pursuant to the
19 Riverboat Gambling Act; (ii) any person who holds a valid and
20 unrevoked organization license issued pursuant to the Illinois
21 Horse Racing Act of 1975; and (iii) any person who holds a
22 valid and unrevoked advance deposit wagering license issued
23 pursuant to the Illinois Horse Racing Act of 1975.

24 A qualified person may apply to the Division for an
25 Internet gaming affiliate license to offer wagering on Internet
26 games using the Division's Internet gaming platform as provided

1 in this Act. The application shall be made on forms provided by
2 the Division and shall contain such information as the Division
3 prescribes, including, but not limited to, detailed
4 information regarding the ownership and management of the
5 applicant and detailed personal information regarding the
6 applicant. An incomplete application shall be cause for denial
7 of a license by the Division.

8 A fee of \$5,000,000 shall be paid to the Division along
9 with the application for licensure. All information, records,
10 interviews, reports, statements, memoranda, or other data
11 supplied to or used by the Division in the course of its review
12 or investigation of an application for an Internet gaming
13 affiliate license or a renewal under this Section shall be
14 privileged, strictly confidential, and used only for the
15 purpose of evaluating an applicant for a license or a renewal.
16 A person who knowingly makes a false statement on an
17 application is guilty of a Class A misdemeanor.

18 An application shall be filed and considered in accordance
19 with the rules of the Division. The Division shall adopt rules
20 to effectuate the provisions of this subsection within 30 days
21 after the effective date of this amendatory Act of the 97th
22 General Assembly.

23 (e) The Division shall have all powers necessary or
24 desirable to effectuate the provisions of this Section,
25 including, but not limited to, the power to:

26 (1) establish an Internet gaming platform for the

1 purpose of offering wagering on Internet games by licensed
2 Internet gaming affiliates;

3 (2) establish procedures for use of and access to the
4 Division's Internet gaming platform by licensed Internet
5 gaming affiliates;

6 (3) accept wagers on Internet games offered on the
7 Division's Internet gaming platform;

8 (4) pay prizes to winners of Internet games;

9 (5) enter into contracts with any person, firm, or
10 corporation, including, but not limited to, contracts with
11 Internet gaming hub software providers, age and
12 identification software providers, geolocation software
13 providers, and other vendors that the Division deems
14 necessary for the establishment and maintenance of the
15 Internet gaming platform;

16 (6) acquire or lease real property and make
17 improvements thereon and acquire by lease or by purchase
18 personal property, including, but not limited to:

19 (A) computers;

20 (B) mechanical, electronic, and online equipment
21 and terminals; and

22 (C) intangible property, including, but not
23 limited to, computer programs, software, and systems;
24 and

25 (7) hold copyrights, trademarks, service marks, and
26 other intellectual property; pursuant to Section 7 of the

1 Illinois Freedom of Information Act, such intellectual
2 property shall be exempt from disclosure; and

3 (8) enforce any rights held under paragraph (7) of this
4 subsection.

5 (f) The Division shall adopt such rules governing the
6 administration and conduct of Internet gaming as it deems
7 necessary to carry out the purpose of this Section. These rules
8 shall be subject to the provisions of the Illinois
9 Administrative Procedure Act and may include, but shall not be
10 limited to:

11 (1) the types of Internet games to be offered;

12 (2) price points for Internet games;

13 (3) player fees and percentage of rake for Internet
14 games;

15 (4) player fees and percentage of rake payable to
16 licensed Internet gaming affiliates;

17 (5) forms of payment accepted for Internet games;

18 (6) the number, type, and amount of prizes for Internet
19 games;

20 (7) the method of selecting winners and validating
21 winnings;

22 (8) the manner and time for payment of prizes,
23 winnings, and sums due to licensed Internet gaming
24 affiliates;

25 (9) the frequency of Internet games;

26 (10) responsible gaming;

1 (11) the Internet gaming platform;

2 (12) such other matters necessary or desirable for the
3 efficient and economical operation and administration of
4 Internet gaming and for the convenience of authorized
5 Internet gaming participants and licensed Internet gaming
6 affiliates.

7 The Division shall also issue written game rules, play
8 instructions, directives, operations manuals, brochures, or
9 any other publications necessary to conduct specific Internet
10 games, as authorized by rule by the Division. Except for
11 materials that the Division deems to be intellectual property,
12 written game rules, instructions, directives, operations
13 manuals, brochures, or other game publications issued by the
14 Division that relate to specific Internet games offered by the
15 Division shall be posted on the Division's Internet website and
16 shall also be maintained as public records in the Division's
17 principal office, and made available for public inspection and
18 copying, but shall be exempt from the rulemaking procedures of
19 the Illinois Administrative Procedure Act.

20 (g) Notwithstanding any law to the contrary, the
21 Superintendent of the Lottery shall hire an Executive Director
22 who shall be responsible to the Superintendent and shall serve
23 subject only to removal by the Superintendent for incompetence,
24 neglect of duty, or malfeasance in office. The Executive
25 Director shall be responsible for the supervision and direction
26 of the Division staff and for the necessary administrative

1 activities of the Division, subject only to the direction and
2 approval of the Superintendent notwithstanding any law to the
3 contrary.

4 Notwithstanding any law to the contrary, the Executive
5 Director shall hire and employ employees as may be necessary to
6 carry out the provisions of this Law or to perform the duties
7 and exercise the powers conferred by law upon the Division. All
8 employees of the Division shall receive the compensation fixed
9 by the Executive Director, subject only to the Superintendent.
10 The Superintendent, Executive Director, and Division employees
11 shall be reimbursed for all actual and necessary traveling and
12 other expenses and disbursements necessarily incurred or made
13 by them in the discharge of their official duties. The
14 Superintendent and Executive Director may also incur necessary
15 expenses for office space, furniture, stationery, printing,
16 operations, and other incidental expenses.

17 The Executive Director shall report monthly to the
18 Superintendent, the State Treasurer, and the Lottery Control
19 Board a full and complete statement of Internet gaming
20 revenues, prize disbursements, payments to licensed Internet
21 gaming affiliates, and other expenses for each month and the
22 amounts to be transferred to the State Lottery Fund pursuant to
23 this Section. The Executive Director shall also make an annual
24 report, which shall include a full and complete statement of
25 Internet gaming revenues, prize disbursements, payments to
26 licensed Internet gaming affiliates, and other expenses, to the

1 Superintendent, the Governor, and the Board. All reports
2 required by this subsection shall be public and copies of all
3 such reports shall be sent to the Speaker of the House of
4 Representatives, the President of the Senate, the Minority
5 Leader of the House of Representatives, and the Minority Leader
6 of the Senate.

7 The Executive Director shall make a continuous study and
8 investigation of: (i) the operation and the administration of
9 similar Internet gaming laws that may be in effect in other
10 states or countries; (ii) any literature on Internet gaming
11 that from time to time may be published or available; (iii) any
12 federal laws that may affect the operation of Internet gaming;
13 and (iv) the reaction of Illinois citizens to existing and
14 potential features of Internet gaming with a view to
15 recommending or effecting changes that will tend to serve the
16 purposes of this Section.

17 (h) The Chief Procurement Officer for the needs of State
18 agencies (Chief Procurement Officer), in consultation with the
19 Division, shall procure one or more of the following private
20 vendors: (i) Internet gaming hub software providers; (ii) age
21 and identification software providers; and (iii) geolocation
22 software providers. Except for Section 26-160 and Article 50 of
23 the Illinois Procurement Code, the procurement of private
24 vendors for Internet gaming hub software, age and
25 identification software and geolocation software is subject to
26 administration by the Chief Procurement Officer, but is not

1 subject to the requirements of the Illinois Procurement Code.
2 Within 45 days after the effective date of this amendatory Act
3 of the 97th General Assembly, the Chief Procurement Officer
4 shall establish a process for awarding contracts under this
5 subsection that is consistent with the requirements of 20-35 of
6 the Illinois Procurement Code. The Chief Procurement Officer
7 shall make the process available on the Division's Internet
8 website and shall publish the process in the Illinois
9 Procurement Bulletin. Contracts for the procurement of
10 services from Internet gaming hub software providers, age and
11 identification software providers, and geolocation software
12 providers shall be based upon criteria determined by the Chief
13 Procurement Officer and the Division. The procurement of
14 vendors pursuant to this subsection shall be completed within
15 90 days after the effective date of this amendatory Act of the
16 97th General Assembly.

17 (i) The Division's Internet gaming platform shall provide
18 one or more mechanisms to verify that a participant is 21 years
19 of age or older and that wagering on Internet games is limited
20 to transactions that are initiated and received or otherwise
21 made exclusively within the State of Illinois. A participant
22 must satisfy the verification requirements before he or she may
23 establish an Internet gaming account and wager on Internet
24 games offered by licensed Internet gaming affiliates using the
25 Division's Internet gaming platform. At such a time that a
26 legally compliant mechanism is established to permit wagering

1 on Internet games by individuals physically located outside of
2 the State, the Division shall adopt rules and procedures to
3 allow and govern wagering by those individuals. By rule, the
4 Division shall establish funding procedures for Internet
5 gaming accounts and shall provide a mechanism to prevent the
6 unauthorized use of Internet gaming accounts. By rule, the
7 Division shall also establish procedures to detect and prevent
8 fraud and collusion in Internet gaming offered by licensed
9 Internet gaming affiliates using the Division's Internet
10 gaming platform. If any participant in Internet gaming violates
11 any provisions of this Section or rule adopted by the Division,
12 then the participant's winnings shall be forfeited. Any
13 forfeited winnings shall be deposited into the State Lottery
14 Fund.

15 The following persons shall not be authorized to establish
16 Internet gaming accounts or wager on Internet games offered by
17 licensed Internet gaming affiliates using the Division's
18 Internet gaming platform: (i) any minor under 21 years of age;
19 (ii) any member of the Lottery Control Board; (iii) any officer
20 or other person employed by the Department of the Lottery or
21 the Division of Internet Gaming; (iv) any spouse, child,
22 brother, sister, or parent residing as a member of the same
23 household in the principal place of abode of any persons
24 identified in (ii) or (iii); and (iv) any individual whose name
25 appears in the Division's responsible gaming database.

26 (j) The Division shall develop responsible gaming

1 measures, including a statewide responsible gaming database
2 identifying individuals who shall be prohibited from
3 establishing an Internet gaming account or participating in
4 Internet gaming. The Executive Director may place a person on
5 the responsible gaming database if that person (i) has been
6 convicted in any jurisdiction of a felony, any crime of moral
7 turpitude, or a crime involving gaming; (ii) has violated this
8 Act, the Illinois Horse Racing Act of 1975, the Riverboat
9 Gambling Act, the Raffles Act, the Illinois Pull Tabs and Jar
10 Games Act, the Bingo License and Tax Act, the Charitable Games
11 Act, or the Video Gaming Act; (iii) has performed any act or
12 had a notorious or unsavory reputation that would adversely
13 affect public confidence and trust in gaming; or (iv) has his
14 or her name on any valid and current exclusion list from
15 another jurisdiction in the United States. By rule, the
16 Division shall adopt procedures for the establishment and
17 maintenance of the responsible gaming database. The Illinois
18 Gaming Board, the Illinois Racing Board, and the Department of
19 the Lottery shall, in a format specified by the Division,
20 provide the Division with names of individuals to be included
21 in the responsible gaming database. The Division may impose
22 reasonable fees on persons authorized to access and use the
23 responsible gaming database.

24 The Division's Internet gaming platform shall offer
25 responsible gambling services and technical controls to
26 players, including both temporary and permanent self-exclusion

1 for all games offered; the ability for players to establish
2 their own periodic deposit and wagering limits and maximum
3 playing times; referrals to crisis counseling and referral
4 services for individuals and families experiencing difficulty
5 as a result of problem or compulsive gambling; and other
6 services as the Division reasonably may determine are necessary
7 or appropriate to reduce and prevent problem gambling. Any
8 authorized participant who is allowed to participate in
9 Internet gaming may voluntarily prohibit themselves from
10 establishing an Internet gaming account. The Division shall
11 incorporate the voluntary self-exclusion list for Internet
12 gaming accounts into the responsible gaming database.

13 (k) There is created the Responsible Internet Gaming
14 Advisory Board, consisting of the following members:

15 (1) the Superintendent of the Lottery, who shall be an
16 ex officio member and shall serve as Chairperson;

17 (2) the Executive Director of the Division of Internet
18 Gaming, who shall be an ex officio member;

19 (3) one representative from a national organization
20 dedicated to the study and prevention of problem gambling,
21 appointed by the Superintendent;

22 (4) one member who is an academic professional engaged
23 in the study of problem gambling at a university or other
24 institution of higher learning, appointed by the
25 Superintendent;

26 (5) one member who has professional experience and

1 expertise in the field of technical controls for
2 responsible Internet gaming, appointed by the
3 Superintendent; and

4 (6) one member who is an Illinois citizen and a member
5 of the public, appointed by the Superintendent.

6 Each Advisory Board member shall serve for a term of 4
7 years and until his or her successor is appointed and
8 qualified. However, in making initial appointments, 2 shall be
9 appointed to serve for 2 years and 2 shall be appointed to
10 serve for 4 years. Appointments to fill vacancies shall be made
11 in the same manner as original appointments for the unexpired
12 portion of the vacated term. Initial terms shall begin on the
13 effective date of this amendatory Act of the 97th General
14 Assembly. Each member of the Advisory Board shall be eligible
15 for reappointment at the discretion of the Superintendent. A
16 member of the Advisory Board may be removed from office for
17 just cause. Advisory Board members shall receive no
18 compensation, but shall be reimbursed for expenses incurred in
19 connection with their duties as Advisory Board members.

20 Four members shall constitute a quorum. A majority vote of
21 the Advisory Board is required for an Advisory Board decision.
22 The Advisory Board shall meet no less often than once every 6
23 months and shall meet as often as the Chairperson deems
24 necessary. Advisory Board members shall not be liable for any
25 of their acts, omissions, decisions, or any other conduct in
26 connection with their duties on the Advisory Board, except

1 those involving willful, wanton, or intentional misconduct.

2 The Advisory Board shall make recommendations to the
3 Executive Director regarding the development of rules and
4 procedures to reduce and prevent problem or compulsive gambling
5 and to ensure the conduct of safe, fair, and responsible
6 Internet gaming. The Advisory Board may have such powers as may
7 be granted by the Executive Director to carry out the
8 provisions of this Section regarding responsible Internet
9 gaming.

10 (1) The Division shall distribute all proceeds of Internet
11 gaming in the following priority and manner:

12 (1) the payment of prizes and winnings;

13 (2) the payment of costs incurred in the operation and
14 administration of the Division of Internet Gaming,
15 including the payment of sums due to licensed Internet
16 gaming affiliates; and

17 (3) on or before the last day of each fiscal year, any
18 remaining proceeds, subject to payments under items (1) and
19 (2), shall be deposited into the State Lottery Fund.

20 (m) There is created the Internet Gaming Advisory Committee
21 as an advisory body within the Division of Internet Gaming. The
22 Committee shall consist of the following members:

23 (1) the Superintendent of the Lottery, who shall be an
24 ex officio member and shall serve as Chairman;

25 (2) the Executive Director of the Division of Internet
26 Gaming, who shall serve ex officio;

1 (3) one member appointed by the Governor's Office;

2 (4) one member who represents owners licensees under
3 the Riverboat Gambling Act, appointed by the
4 Superintendent;

5 (5) one member who represents organization licensees
6 under the Illinois Horse Racing Act of 1975, appointed by
7 the Superintendent;

8 (6) one member who represents horsemen, appointed by
9 the Superintendent; and

10 (7) one member who represents licensees under the Video
11 Gaming Act, appointed by the Superintendent.

12 Each Committee member shall serve for a term of 4 years and
13 until his or her successor is appointed and qualified.

14 Appointments to fill vacancies shall be made in the same manner
15 as original appointments for the unexpired portion of the
16 vacated term. Initial terms shall begin upon the effective date
17 of this amendatory Act of the 97th General Assembly. Each
18 member of the Committee shall be eligible for reappointment at
19 the discretion of the Superintendent or the Governor. The
20 Committee shall meet as often as the Chairperson deems
21 necessary. Members of the Committee shall serve without
22 compensation, but shall be reimbursed, within the limits of
23 funds available to the Division, for necessary expenses
24 incurred in the performance of their duties.

25 The Committee shall conduct an ongoing study to determine
26 (i) the impact of Internet gaming on licensees under the

1 Illinois Horse Racing Act of 1975, the Riverboat Gambling Act,
2 and the Video Gaming Act and (ii) the propriety and viability
3 of alternative regulatory models or frameworks for Internet
4 gaming to the extent consistent with the objectives set forth
5 in subsection (a) of this Section. The Committee shall issue
6 annual reports, which shall also include recommendations
7 concerning prospective action on behalf of the General Assembly
8 concerning Internet gaming. The Committee shall issue its first
9 report no later than December 31, 2013.

10 Section 15. The Illinois Procurement Code is amended by
11 changing Section 1-10 as follows:

12 (30 ILCS 500/1-10)

13 Sec. 1-10. Application.

14 (a) This Code applies only to procurements for which
15 contractors were first solicited on or after July 1, 1998. This
16 Code shall not be construed to affect or impair any contract,
17 or any provision of a contract, entered into based on a
18 solicitation prior to the implementation date of this Code as
19 described in Article 99, including but not limited to any
20 covenant entered into with respect to any revenue bonds or
21 similar instruments. All procurements for which contracts are
22 solicited between the effective date of Articles 50 and 99 and
23 July 1, 1998 shall be substantially in accordance with this
24 Code and its intent.

1 (b) This Code shall apply regardless of the source of the
2 funds with which the contracts are paid, including federal
3 assistance moneys. This Code shall not apply to:

4 (1) Contracts between the State and its political
5 subdivisions or other governments, or between State
6 governmental bodies except as specifically provided in
7 this Code.

8 (2) Grants, except for the filing requirements of
9 Section 20-80.

10 (3) Purchase of care.

11 (4) Hiring of an individual as employee and not as an
12 independent contractor, whether pursuant to an employment
13 code or policy or by contract directly with that
14 individual.

15 (5) Collective bargaining contracts.

16 (6) Purchase of real estate, except that notice of this
17 type of contract with a value of more than \$25,000 must be
18 published in the Procurement Bulletin within 7 days after
19 the deed is recorded in the county of jurisdiction. The
20 notice shall identify the real estate purchased, the names
21 of all parties to the contract, the value of the contract,
22 and the effective date of the contract.

23 (7) Contracts necessary to prepare for anticipated
24 litigation, enforcement actions, or investigations,
25 provided that the chief legal counsel to the Governor shall
26 give his or her prior approval when the procuring agency is

1 one subject to the jurisdiction of the Governor, and
2 provided that the chief legal counsel of any other
3 procuring entity subject to this Code shall give his or her
4 prior approval when the procuring entity is not one subject
5 to the jurisdiction of the Governor.

6 (8) Contracts for services to Northern Illinois
7 University by a person, acting as an independent
8 contractor, who is qualified by education, experience, and
9 technical ability and is selected by negotiation for the
10 purpose of providing non-credit educational service
11 activities or products by means of specialized programs
12 offered by the university.

13 (9) Procurement expenditures by the Illinois
14 Conservation Foundation when only private funds are used.

15 (10) Procurement expenditures by the Illinois Health
16 Information Exchange Authority involving private funds
17 from the Health Information Exchange Fund. "Private funds"
18 means gifts, donations, and private grants.

19 (11) Public-private agreements entered into according
20 to the procurement requirements of Section 20 of the
21 Public-Private Partnerships for Transportation Act and
22 design-build agreements entered into according to the
23 procurement requirements of Section 25 of the
24 Public-Private Partnerships for Transportation Act.

25 (c) This Code does not apply to the electric power
26 procurement process provided for under Section 1-75 of the

1 Illinois Power Agency Act and Section 16-111.5 of the Public
2 Utilities Act.

3 (d) Except for Section 20-160 and Article 50 of this Code,
4 and as expressly required by Section 9.1 of the Illinois
5 Lottery Law, the provisions of this Code do not apply to the
6 procurement process provided for under Section 9.1 of the
7 Illinois Lottery Law. In addition, except for Section 20-160
8 and Article 50 of this Code, the provisions of this Code also
9 do not apply to contracts and subcontracts awarded pursuant to
10 Section 7.18 of the Illinois Lottery Law.

11 (e) This Code does not apply to the process used by the
12 Capital Development Board to retain a person or entity to
13 assist the Capital Development Board with its duties related to
14 the determination of costs of a clean coal SNG brownfield
15 facility, as defined by Section 1-10 of the Illinois Power
16 Agency Act, as required in subsection (h-3) of Section 9-220 of
17 the Public Utilities Act, including calculating the range of
18 capital costs, the range of operating and maintenance costs, or
19 the sequestration costs or monitoring the construction of clean
20 coal SNG brownfield facility for the full duration of
21 construction.

22 (f) This Code does not apply to the process used by the
23 Illinois Power Agency to retain a mediator to mediate sourcing
24 agreement disputes between gas utilities and the clean coal SNG
25 brownfield facility, as defined in Section 1-10 of the Illinois
26 Power Agency Act, as required under subsection (h-1) of Section

1 9-220 of the Public Utilities Act.

2 (g) ~~(e)~~ This Code does not apply to the processes used by
3 the Illinois Power Agency to retain a mediator to mediate
4 contract disputes between gas utilities and the clean coal SNG
5 facility and to retain an expert to assist in the review of
6 contracts under subsection (h) of Section 9-220 of the Public
7 Utilities Act. This Code does not apply to the process used by
8 the Illinois Commerce Commission to retain an expert to assist
9 in determining the actual incurred costs of the clean coal SNG
10 facility and the reasonableness of those costs as required
11 under subsection (h) of Section 9-220 of the Public Utilities
12 Act.

13 (Source: P.A. 96-840, eff. 12-23-09; 96-1331, eff. 7-27-10;
14 97-96, eff. 7-13-11; 97-239, eff. 8-2-11; 97-502, eff. 8-23-11;
15 revised 9-7-11.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law."