## 99TH GENERAL ASSEMBLY

# State of Illinois

# 2015 and 2016

#### SB2523

Introduced 2/16/2016, by Sen. Terry Link

# SYNOPSIS AS INTRODUCED:

230 ILCS 10/5 230 ILCS 40/15 from Ch. 120, par. 2405

Amends the Riverboat Gambling Act and the Video Gaming Act. Provides that, for the examination of all mechanical, electromechanical, or electronic table games, slot machines, slot accounting systems, and other electronic gaming equipment for compliance with the Acts, the Illinois Gaming Board shall (rather than may) utilize the services of any independent outside testing laboratory that has (rather than one or more independent outside testing laboratories that have been) accredited by a national accreditation body signifying it is qualified to perform such examinations (removing language regarding the Board's judgment of the laboratories qualifications to perform the examinations). Provides that the Board shall not unreasonably withhold its recognition of an accredited independent outside testing laboratory as long as the laboratory is found suitable by the Board and holds a license to perform such examinations in good standing in New Jersey, Nevada, or Mississippi.

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1 AN ACT concerning gaming.

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

4 Section 5. The Riverboat Gambling Act is amended by 5 changing Section 5 as follows:

6 (230 ILCS 10/5) (from Ch. 120, par. 2405)

7 Sec. 5. Gaming Board.

(a) (1) There is hereby established the Illinois Gaming 8 9 Board, which shall have the powers and duties specified in this Act, and all other powers necessary and proper to fully and 10 effectively execute this Act for the purpose of administering, 11 regulating, and enforcing the system of riverboat gambling 12 established by this Act. Its jurisdiction shall extend under 13 14 this every person, association, corporation, Act to trust involved 15 partnership and in riverboat gambling 16 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 6 years, except that the terms of office of the initial Board 7 8 members appointed pursuant to this Act will commence from the 9 effective date of this Act and run as follows: one for a term 10 ending July 1, 1991, 2 for a term ending July 1, 1992, and 2 for 11 a term ending July 1, 1993. Upon the expiration of the 12 foregoing terms, the successors of such members shall serve a 13 term for 3 years and until their successors are appointed and qualified for like terms. Vacancies in the Board shall be 14 15 filled for the unexpired term in like manner as original 16 appointments. Each member of the Board shall be eligible for 17 reappointment at the discretion of the Governor with the advice and consent of the Senate. 18

(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 1 2 subject to the jurisdiction of this Board, or any race track, race meeting, racing association or the operations thereof 3 subject to the jurisdiction of the Illinois Racing Board. No 4 5 Board member shall hold any other public office. No person shall be a member of the Board who is not of good moral 6 character or who has been convicted of, or is under indictment 7 8 for, a felony under the laws of Illinois or any other state, or 9 the United States.

10 (5.5) No member of the Board shall engage in any political 11 activity. For the purposes of this Section, "political" means 12 any activity in support of or in connection with any campaign for federal, State, or local elective office or any political 13 organization, but does not include activities (i) relating to 14 15 the support or opposition of any executive, legislative, or 16 administrative action (as those terms are defined in Section 2 17 of the Lobbyist Registration Act), (ii) relating to collective bargaining, or (iii) that are otherwise in furtherance of the 18 person's official State duties or governmental and public 19 20 service functions.

(6) Any member of the Board may be removed by the Governor for neglect of duty, misfeasance, malfeasance, or nonfeasance in office or for engaging in any political activity.

(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 1 2 therewith and shall give bond to the State of Illinois, approved by the Governor, in the sum of \$25,000. Every such 3 bond, when duly executed and approved, shall be recorded in the 4 5 office of the Secretary of State. Whenever the Governor determines that the bond of any member of the Board has become 6 7 or is likely to become invalid or insufficient, he shall 8 require such member forthwith to renew his bond, which is to be 9 approved by the Governor. Any member of the Board who fails to 10 take oath and give bond within 30 days from the date of his 11 appointment, or who fails to renew his bond within 30 days 12 after it is demanded by the Governor, shall be guilty of 13 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 14 15 shall be taken to be a part of the necessary expenses of the 16 Board.

17 (7.5)examination of all For the mechanical, electromechanical, or electronic table games, slot machines, 18 19 slot accounting systems, and other electronic gaming equipment 20 for compliance with this Act, the Board shall may utilize the 21 services of any one or more independent outside testing 22 laboratory that has <del>laboratories that have</del> been accredited by a 23 national accreditation body signifying it is qualified to and that, in the judgment of the Board, are qualified to perform 24 25 such examinations. The Board shall not unreasonably withhold its recognition of an accredited independent outside testing 26

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# <u>laboratory as long as the laboratory is found suitable by the</u> <u>Board and holds a license to perform such examinations in good</u> standing in New Jersey, Nevada, or Mississippi.

(8) The Board shall employ such personnel as may be 4 5 necessary to carry out its functions and shall determine the 6 salaries of all personnel, except those personnel whose 7 salaries are determined under the terms of a collective 8 bargaining agreement. No person shall be employed to serve the 9 Board who is, or whose spouse, parent or child is, an official 10 of, or has a financial interest in or financial relation with, 11 any operator engaged in gambling operations within this State 12 or any organization engaged in conducting horse racing within 13 this State. Any employee violating these prohibitions shall be subject to termination of employment. 14

15 (9) An Administrator shall perform any and all duties that 16 the Board shall assign him. The salary of the Administrator 17 shall be determined by the Board and, in addition, he shall be reimbursed for all actual and necessary expenses incurred by 18 him in discharge of his official duties. The Administrator 19 20 shall keep records of all proceedings of the Board and shall preserve all records, books, documents and other papers 21 22 belonging to the Board or entrusted to its care. The 23 Administrator shall devote his full time to the duties of the office and shall not hold any other office or employment. 24

(b) The Board shall have general responsibility for the
 implementation of this Act. Its duties include, without

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1 limitation, the following:

2 (1) To decide promptly and in reasonable order all 3 license applications. Any party aggrieved by an action of the Board denying, suspending, revoking, restricting or 4 5 refusing to renew a license may request a hearing before the Board. A request for a hearing must be made to the 6 7 Board in writing within 5 days after service of notice of the action of the Board. Notice of the action of the Board 8 9 shall be served either by personal delivery or by certified 10 mail, postage prepaid, to the aggrieved party. Notice 11 served by certified mail shall be deemed complete on the 12 business day following the date of such mailing. The Board shall conduct all requested hearings promptly and in 13 reasonable order: 14

15 (2) To conduct all hearings pertaining to civil
16 violations of this Act or rules and regulations promulgated
17 hereunder;

18 (3) To promulgate such rules and regulations as in its 19 judgment may be necessary to protect or enhance the 20 credibility and integrity of gambling operations 21 authorized by this Act and the regulatory process 22 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

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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;

8 (6) To be present through its inspectors and agents any 9 time gambling operations are conducted on any riverboat for 10 the purpose of certifying the revenue thereof, receiving 11 complaints from the public, and conducting such other 12 investigations into the conduct of the gambling games and 13 the maintenance of the equipment as from time to time the 14 Board may deem necessary and proper;

15 (7) To review and rule upon any complaint by a licensee 16 regarding any investigative procedures of the State which are unnecessarily disruptive of gambling operations. The 17 need to inspect and investigate shall be presumed at all 18 19 times. The disruption of a licensee's operations shall be 20 proved by clear and convincing evidence, and establish 21 that: (A) the procedures had no reasonable law enforcement 22 purposes, and (B) the procedures were so disruptive as to 23 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 1 to the Open Meetings Act. Three members of the Board shall 2 3 constitute a quorum, and 3 votes shall be required for any final determination by the Board. The Board shall keep a 4 5 complete and accurate record of all its meetings. A 6 majority of the members of the Board shall constitute a 7 quorum for the transaction of any business, for the 8 performance of any duty, or for the exercise of any power 9 which this Act requires the Board members to transact, 10 perform or exercise en banc, except that, upon order of the 11 Board, one of the Board members or an administrative law 12 judge designated by the Board may conduct any hearing 13 provided for under this Act or by Board rule and may 14 recommend findings and decisions to the Board. The Board 15 member or administrative law judge conducting such hearing 16 shall have all powers and rights granted to the Board in 17 this Act. The record made at the time of the hearing shall be reviewed by the Board, or a majority thereof, and the 18 19 findings and decision of the majority of the Board shall 20 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

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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;

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(11) (Blank);

(12) (Blank);

8 (13) To assume responsibility for administration and
9 enforcement of the Video Gaming Act; and

10 (14) To adopt, by rule, a code of conduct governing 11 Board members and employees that ensure, to the maximum 12 extent possible, that persons subject to this Code avoid 13 situations, relationships, or associations that may 14 represent or lead to a conflict of interest.

(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.

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(3) To promulgate rules and regulations for the purpose 1 2 of administering the provisions of this Act and to 3 prescribe rules, regulations and conditions under which all riverboat gambling in the State shall be conducted. 4 5 Such rules and regulations are to provide for the 6 prevention of practices detrimental to the public interest 7 and for the best interests of riverboat gambling, including 8 rules and regulations regarding the inspection of such 9 riverboats and the review of any permits or licenses 10 necessary to operate a riverboat under any laws or 11 regulations applicable to riverboats, and to impose 12 penalties for violations thereof.

13 (4) To enter the office, riverboats, facilities, or
14 other places of business of a licensee, where evidence of
15 the compliance or noncompliance with the provisions of this
16 Act is likely to be found.

17 (5) To investigate alleged violations of this Act or 18 the rules of the Board and to take appropriate disciplinary 19 action against a licensee or a holder of an occupational 20 license for a violation, or institute appropriate legal 21 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.

25 (7) To adopt appropriate standards for all riverboats26 and facilities.

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(8) To require that the records, including financial or 1 2 other statements of any licensee under this Act, shall be 3 kept in such manner as prescribed by the Board and that any such licensee involved in the ownership or management of 4 5 gambling operations submit to the Board an annual balance 6 sheet and profit and loss statement, list of the 7 stockholders or other persons having a 1% or greater 8 beneficial interest in the gambling activities of each 9 licensee, and any other information the Board deems 10 necessary in order to effectively administer this Act and 11 all rules, regulations, orders and final decisions 12 promulgated under this Act.

13 (9) To conduct hearings, issue subpoenas for the 14 attendance of witnesses and subpoenas duces tecum for the 15 production of books, records and other pertinent documents 16 in accordance with the Illinois Administrative Procedure 17 Act, and to administer oaths and affirmations to the witnesses, when, in the judgment of the Board, it is 18 19 necessary to administer or enforce this Act or the Board 20 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

1 regarding administrative procedures, and to review applications for the renewal of licenses. The Board may 2 3 suspend an owners license, without notice or hearing upon a determination that the safety or health of patrons or 4 5 employees is jeopardized by continuing a riverboat's 6 operation. The suspension may remain in effect until the Board determines that the cause for suspension has been 7 8 abated. The Board may revoke the owners license upon a 9 determination that the owner has not made satisfactory 10 progress toward abating the hazard.

11 (12) To eject or exclude or authorize the ejection or 12 exclusion of, any person from riverboat gambling facilities where such person is in violation of this Act, 13 14 rules and regulations thereunder, or final orders of the 15 Board, or where such person's conduct or reputation is such 16 that his presence within the riverboat gambling facilities 17 may, in the opinion of the Board, call into question the honesty and integrity of the gambling operations or 18 interfere with orderly conduct thereof; provided that the 19 20 propriety of such ejection or exclusion is subject to 21 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.

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1 (14) (Blank).
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2 To suspend, revoke or restrict licenses, to (15)3 require the removal of a licensee or an employee of a licensee for a violation of this Act or a Board rule or for 4 5 engaging in a fraudulent practice, and to impose civil penalties of up to \$5,000 against individuals and up to 6 7 \$10,000 or an amount equal to the daily gross receipts, 8 whichever is larger, against licensees for each violation 9 of any provision of the Act, any rules adopted by the 10 Board, any order of the Board or any other action which, in 11 the Board's discretion, is a detriment or impediment to 12 riverboat gambling operations.

13 (16) To hire employees to gather information, conduct
14 investigations and carry out any other tasks contemplated
15 under this Act.

16 (17) To establish minimum levels of insurance to be17 maintained by licensees.

(18) To authorize a licensee to sell or serve alcoholic 18 19 liquors, wine or beer as defined in the Liquor Control Act 20 of 1934 on board a riverboat and to have exclusive 21 authority to establish the hours for sale and consumption 22 of alcoholic liquor on board a riverboat, notwithstanding 23 any provision of the Liquor Control Act of 1934 or any 24 local ordinance, and regardless of whether the riverboat 25 makes excursions. The establishment of the hours for sale 26 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.

7 (19) After consultation with the U.S. Army Corps of 8 Engineers, to establish binding emergency orders upon the 9 concurrence of a majority of the members of the Board 10 regarding the navigability of water, relative to 11 excursions, in the event of extreme weather conditions, 12 acts of God or other extreme circumstances.

13 (20) To delegate the execution of any of its powers
14 under this Act for the purpose of administering and
15 enforcing this Act and its rules and regulations hereunder.

16 (20.5) To approve any contract entered into on its17 behalf.

18 (20.6)То appoint investigators to conduct 19 investigations, searches, seizures, arrests, and other 20 duties imposed under this Act, as deemed necessary by the 21 Board. These investigators have and may exercise all of the 22 rights and powers of peace officers, provided that these 23 powers shall be limited to offenses or violations occurring 24 or committed on a riverboat or dock, as defined in 25 subsections (d) and (f) of Section 4, or as otherwise 26 provided by this Act or any other law.

(20.7) To contract with the Department of State Police 1 2 for the use of trained and qualified State police officers 3 and with the Department of Revenue for the use of trained qualified Department of Revenue investigators to 4 and 5 conduct investigations, searches, seizures, arrests, and other duties imposed under this Act and to exercise all of 6 7 the rights and powers of peace officers, provided that the 8 powers of Department of Revenue investigators under this 9 subdivision (20.7) shall be limited to offenses or 10 violations occurring or committed on a riverboat or dock, 11 as defined in subsections (d) and (f) of Section 4, or as 12 otherwise provided by this Act or any other law. In the event the Department of State Police or the Department of 13 14 Revenue is unable to fill contracted police or 15 investigative positions, the Board may appoint 16 investigators to fill those positions pursuant to 17 subdivision (20.6).

18 (21) To take any other action as may be reasonable or
19 appropriate to enforce this Act and rules and regulations
20 hereunder.

21 (d) The Board may seek and shall receive the cooperation of 22 the Department of State Police in conducting background 23 investigations of applicants and in fulfilling its 24 responsibilities under this Section. Costs incurred by the 25 Department of State Police as a result of such cooperation 26 shall be paid by the Board in conformance with the requirements

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1 of Section 2605-400 of the Department of State Police Law (20
2 ILCS 2605/2605-400).

3 (e) The Board must authorize to each investigator and to 4 any other employee of the Board exercising the powers of a 5 peace officer a distinct badge that, on its face, (i) clearly 6 states that the badge is authorized by the Board and (ii) 7 contains a unique identifying number. No other badge shall be 8 authorized by the Board.

9 (Source: P.A. 98-377, eff. 1-1-14; 98-582, eff. 8-27-13.)

Section 10. The Video Gaming Act is amended by changing
Section 15 as follows:

12 (230 ILCS 40/15)

13 Sec. 15. Minimum requirements for licensing and 14 registration. Every video gaming terminal offered for play 15 shall first be tested and approved pursuant to the rules of the Board, and each video gaming terminal offered in this State for 16 17 play shall conform to an approved model. For the examination of 18 video gaming machines and associated equipment as required by 19 this Section, the Board shall may utilize the services of any 20 one or more independent outside testing laboratory that has 21 laboratories that have been accredited by a national 22 accreditation body signifying it is qualified to and that, in 23 the judgment of the Board, are qualified to perform such 24 examinations. The Board shall not unreasonably withhold its - 17 - LRB099 18503 AMC 42882 b

1 recognition of an accredited independent outside testing 2 laboratory as long as the laboratory is found suitable by the 3 Board and holds a license to perform such examinations in good standing in New Jersey, Nevada, or Mississippi. Every video 4 5 gaming terminal offered in this State for play must meet 6 minimum standards set by an independent outside testing 7 laboratory approved by the Board. Each approved model shall, at 8 a minimum, meet the following criteria:

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9 (1) It must conform to all requirements of federal law 10 and regulations, including FCC Class A Emissions 11 Standards.

12 (2) It must theoretically pay out a mathematically demonstrable percentage during the expected lifetime of 13 14 the machine of all amounts played, which must not be less 15 than 80%. The Board shall establish a maximum payout 16 percentage for approved models by rule. Video gaming 17 terminals that may be affected by skill must meet this standard when using a method of play that will provide the 18 19 greatest return to the player over a period of continuous 20 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 thegame outcome.

1 (5) It must not automatically alter pay tables or any 2 function of the video gaming terminal based on internal 3 computation of hold percentage or have any means of 4 manipulation that affects the random selection process or 5 probabilities of winning a game.

6 (6) It must not be adversely affected by static 7 discharge or other electromagnetic interference.

8 (7) It must be capable of detecting and displaying the 9 following conditions during idle states or on demand: power 10 reset; door open; and door just closed.

11 (8) It must have the capacity to display complete play 12 history (outcome, intermediate play steps, credits 13 available, bets placed, credits paid, and credits cashed 14 out) for the most recent game played and 10 games prior 15 thereto.

16 (9) The theoretical payback percentage of a video 17 gaming terminal must not be capable of being changed 18 without making a hardware or software change in the video 19 gaming terminal, either on site or via the central 20 communications system.

(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.

6 (12) Electronically stored meter information required 7 by this Section must be preserved for a minimum of 180 days 8 after a power loss to the service.

9 (13) It must have one or more mechanisms that accept 10 cash in the form of bills. The mechanisms shall be designed 11 to prevent obtaining credits without paying by stringing, 12 slamming, drilling, or other means. If such attempts at 13 physical tampering are made, the video gaming terminal 14 shall suspend itself from operating until reset.

15 (14) It shall have accounting software that keeps an 16 electronic record which includes, but is not limited to, 17 the following: total cash inserted into the video gaming 18 terminal; the value of winning tickets claimed by players; 19 the total credits played; the total credits awarded by a 20 video gaming terminal; and pay back percentage credited to 21 players of each video game.

(15) It shall be linked by a central communications
system to provide auditing program information as approved
by the Board. The central communications system shall use a
standard industry protocol, as defined by the Gaming
Standards Association, and shall have the functionality to

enable the Board or its designee to activate or deactivate 1 2 individual gaming devices from the central communications 3 system. In no event may the communications system approved by the Board limit participation to only one manufacturer 4 5 of video gaming terminals by either the cost in 6 implementing the necessary program modifications to 7 communicate or the inability to communicate with the 8 central communications system.

9 (16) The Board, in its discretion, may require video 10 gaming terminals to display Amber Alert messages if the 11 Board makes a finding that it would be economically and 12 technically feasible and pose no risk to the integrity and 13 security of the central communications system and video 14 gaming terminals.

The Board may adopt rules to establish additional criteria to preserve the integrity and security of video gaming in this State. The central communications system vendor may be licensed as a video gaming terminal manufacturer or a video gaming terminal distributor, or both, but in no event shall the central communications system vendor be licensed as a video gaming terminal operator.

The Board shall not permit the development of information or the use by any licensee of gaming device or individual game performance data. Nothing in this Act shall inhibit or prohibit the Board from the use of gaming device or individual game performance data in its regulatory duties. The Board shall

adopt rules to ensure that all licensees are treated and all licensees act in a non-discriminatory manner and develop processes and penalties to enforce those rules.

- 4 (Source: P.A. 98-31, eff. 6-24-13; 98-377, eff. 1-1-14; 98-582,
- 5 eff. 8-27-13; 98-756, eff. 7-16-14.)