



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB2877

by Rep. Jay Hoffman

SYNOPSIS AS INTRODUCED:

See Index

Amends the Video Gaming Act. Allows for video gaming by organization licensees and inter-track wagering location licensees under the Illinois Horse Racing Act of 1975; makes conforming changes throughout the Video Gaming Act and in the Criminal Code of 2012. Removes references to organization licensees and inter-track wagering location licensees from the definition of "licensed establishment". Provides that an organization licensee who held that license in 2016 may operate up to 150 video gaming terminals on its premises at any time and an inter-track wagering location licensee may operate up to 5 video gaming terminals at the inter-track wagering location licensee's location or on the premises of the organization licensee with which they are affiliated. Requires organization licensees and inter-track wagering location licensees to deposit 47% of their share of the net terminal income from video gaming into the horsemen purse accounts associated with their respective racetrack to be distributed by agreements between breeds unless the organization licensee and the horsemen associations representing the largest number of owners, trainers, jockeys, or standardbred drivers who race horses at that organization licensee's racing meetings agree to allocate expenses associated with the video gaming terminals. Makes other changes.

LRB100 08549 MJP 18674 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 Video Gaming Act is amended by changing the
5 Sections 5, 25, 30, 35, 45, 55, 58, and 60 as follows:

6 (230 ILCS 40/5)

7 Sec. 5. Definitions. As used in this Act:

8 "Board" means the Illinois Gaming Board.

9 "Credit" means one, 5, 10, or 25 cents either won or
10 purchased by a player.

11 "Distributor" means an individual, partnership,
12 corporation, or limited liability company licensed under this
13 Act to buy, sell, lease, or distribute video gaming terminals
14 or major components or parts of video gaming terminals to or
15 from terminal operators.

16 "Electronic card" means a card purchased from a licensed
17 establishment, licensed fraternal establishment, licensed
18 veterans establishment, or licensed truck stop establishment
19 for use in that establishment as a substitute for cash in the
20 conduct of gaming on a video gaming terminal.

21 "Electronic voucher" means a voucher printed by an
22 electronic video game machine that is redeemable in the
23 licensed establishment for which it was issued.

1 "Terminal operator" means an individual, partnership,
2 corporation, or limited liability company that is licensed
3 under this Act and that owns, services, and maintains video
4 gaming terminals for placement in licensed establishments,
5 licensed truck stop establishments, licensed fraternal
6 establishments, organization licensee locations, inter-track
7 wagering location licensee locations, or licensed veterans
8 establishments.

9 "Licensed technician" means an individual who is licensed
10 under this Act to repair, service, and maintain video gaming
11 terminals.

12 "Licensed terminal handler" means a person, including but
13 not limited to an employee or independent contractor working
14 for a manufacturer, distributor, supplier, technician, or
15 terminal operator, who is licensed under this Act to possess or
16 control a video gaming terminal or to have access to the inner
17 workings of a video gaming terminal. A licensed terminal
18 handler does not include an individual, partnership,
19 corporation, or limited liability company defined as a
20 manufacturer, distributor, supplier, technician, or terminal
21 operator under this Act.

22 "Manufacturer" means an individual, partnership,
23 corporation, or limited liability company that is licensed
24 under this Act and that manufactures or assembles video gaming
25 terminals.

26 "Supplier" means an individual, partnership, corporation,

1 or limited liability company that is licensed under this Act to
2 supply major components or parts to video gaming terminals to
3 licensed terminal operators.

4 "Net terminal income" means money put into a video gaming
5 terminal minus credits paid out to players.

6 "Video gaming terminal" means any electronic video game
7 machine that, upon insertion of cash, electronic cards or
8 vouchers, or any combination thereof, is available to play or
9 simulate the play of a video game, including but not limited to
10 video poker, line up, and blackjack, as authorized by the Board
11 utilizing a video display and microprocessors in which the
12 player may receive free games or credits that can be redeemed
13 for cash. The term does not include a machine that directly
14 dispenses coins, cash, or tokens or is for amusement purposes
15 only.

16 "Licensed establishment" means any licensed retail
17 establishment where alcoholic liquor is drawn, poured, mixed,
18 or otherwise served for consumption on the premises, whether
19 the establishment operates on a nonprofit or for-profit basis.

20 ~~"Licensed establishment" includes any such establishment that~~
21 ~~has a contractual relationship with an inter-track wagering~~
22 ~~location licensee licensed under the Illinois Horse Racing Act~~
23 ~~of 1975, provided any contractual relationship shall not~~
24 ~~include any transfer or offer of revenue from the operation of~~
25 ~~video gaming under this Act to any licensee licensed under the~~
26 ~~Illinois Horse Racing Act of 1975. Provided, however, that the~~

1 ~~licensed establishment that has such a contractual~~
2 ~~relationship with an inter-track wagering location licensee~~
3 ~~may not, itself, be (i) an inter-track wagering location~~
4 ~~licensee, (ii) the corporate parent or subsidiary of any~~
5 ~~licensee licensed under the Illinois Horse Racing Act of 1975,~~
6 ~~or (iii) the corporate subsidiary of a corporation that is also~~
7 ~~the corporate parent or subsidiary of any licensee licensed~~
8 ~~under the Illinois Horse Racing Act of 1975. "Licensed~~
9 ~~establishment" does not include a facility operated by an~~
10 ~~organization licensee, an inter-track wagering licensee, or an~~
11 ~~inter-track wagering location licensee licensed under the~~
12 ~~Illinois Horse Racing Act of 1975 or a riverboat licensed under~~
13 ~~the Riverboat Gambling Act, except as provided in this~~
14 ~~paragraph. The changes made to this definition by Public Act~~
15 ~~98-587 are declarative of existing law.~~

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

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

23 "Licensed truck stop establishment" means a facility (i)
24 that is at least a 3-acre facility with a convenience store,
25 (ii) with separate diesel islands for fueling commercial motor
26 vehicles, (iii) that sells at retail more than 10,000 gallons

1 of diesel or biodiesel fuel per month, and (iv) with parking
2 spaces for commercial motor vehicles. "Commercial motor
3 vehicles" has the same meaning as defined in Section 18b-101 of
4 the Illinois Vehicle Code. The requirement of item (iii) of
5 this paragraph may be met by showing that estimated future
6 sales or past sales average at least 10,000 gallons per month.

7 "Organization licensee" means an organization licensee as
8 defined in the Illinois Horse Racing Act of 1975.

9 "Inter-track wagering location licensee" means an
10 inter-track wagering location licensee as defined in the
11 Illinois Horse Racing Act of 1975.

12 (Source: P.A. 97-333, eff. 8-12-11; 98-31, eff. 6-24-13;
13 98-582, eff. 8-27-13; 98-587, eff. 8-27-13; 98-756, eff.
14 7-16-14.)

15 (230 ILCS 40/25)

16 Sec. 25. Restriction of licensees.

17 (a) Manufacturer. A person may not be licensed as a
18 manufacturer of a video gaming terminal in Illinois unless the
19 person has a valid manufacturer's license issued under this
20 Act. A manufacturer may only sell video gaming terminals for
21 use in Illinois to persons having a valid distributor's
22 license.

23 (b) Distributor. A person may not sell, distribute, or
24 lease or market a video gaming terminal in Illinois unless the
25 person has a valid distributor's license issued under this Act.

1 A distributor may only sell video gaming terminals for use in
2 Illinois to persons having a valid distributor's or terminal
3 operator's license.

4 (c) Terminal operator. A person may not own, maintain, or
5 place a video gaming terminal unless he has a valid terminal
6 operator's license issued under this Act. A terminal operator
7 may only place video gaming terminals for use in Illinois in
8 licensed establishments, licensed truck stop establishments,
9 licensed fraternal establishments, organization licensee
10 locations, inter-track wagering location licensee locations,
11 and licensed veterans establishments. No terminal operator may
12 give anything of value, including but not limited to a loan or
13 financing arrangement, to a licensed establishment, licensed
14 truck stop establishment, licensed fraternal establishment,
15 organization licensee location, inter-track wagering location
16 licensee location, or licensed veterans establishment as any
17 incentive or inducement to locate video terminals in that
18 establishment. Of the after-tax profits from a video gaming
19 terminal, 50% shall be paid to the terminal operator and 50%
20 shall be paid to the licensed establishment, licensed truck
21 stop establishment, licensed fraternal establishment,
22 organization licensee location, inter-track wagering location
23 licensee location, or licensed veterans establishment,
24 notwithstanding any agreement to the contrary. Organization
25 licensees and inter-track wagering location licensees shall
26 deposit 47% of their share of the net terminal income into the

1 horsemen purse accounts associated with their respective
2 racetrack to be distributed by agreements between breeds unless
3 the organization licensee and the horsemen associations
4 representing the largest number of owners, trainers, jockeys,
5 or standardbred drivers who race horses at that organization
6 licensee's racing meetings agree to allocate expenses
7 associated with the video gaming terminals. A video terminal
8 operator that violates one or more requirements of this
9 subsection is guilty of a Class 4 felony and is subject to
10 termination of his or her license by the Board.

11 (d) Licensed technician. A person may not service,
12 maintain, or repair a video gaming terminal in this State
13 unless he or she (1) has a valid technician's license issued
14 under this Act, (2) is a terminal operator, or (3) is employed
15 by a terminal operator, distributor, or manufacturer.

16 (d-5) Licensed terminal handler. No person, including, but
17 not limited to, an employee or independent contractor working
18 for a manufacturer, distributor, supplier, technician, or
19 terminal operator licensed pursuant to this Act, shall have
20 possession or control of a video gaming terminal, or access to
21 the inner workings of a video gaming terminal, unless that
22 person possesses a valid terminal handler's license issued
23 under this Act.

24 (e) Licensed establishment. No video gaming terminal may be
25 placed in any licensed establishment, licensed veterans
26 establishment, licensed truck stop establishment, organization

1 licensee location, inter-track wagering location licensee
2 location, or licensed fraternal establishment unless the owner
3 or agent of the owner of the licensed establishment, licensed
4 veterans establishment, licensed truck stop establishment,
5 organization licensee, inter-track wagering location licensee,
6 or licensed fraternal establishment has entered into a written
7 use agreement with the terminal operator for placement of the
8 terminals. A copy of the use agreement shall be on file in the
9 terminal operator's place of business and available for
10 inspection by individuals authorized by the Board. A licensed
11 establishment, licensed truck stop establishment, licensed
12 veterans establishment, or licensed fraternal establishment
13 may operate up to 5 video gaming terminals on its premises at
14 any time, except that an organization licensee licensed under
15 the Illinois Horse Racing Act of 1975 who held that license in
16 2016 may operate up to 150 video gaming terminals at its
17 organization licensee location at any time and an inter-track
18 wagering location licensee may operate up to 5 video gaming
19 terminals at the inter-track wagering location licensee's
20 location or on the premises of the organization licensee with
21 which they are affiliated. An organization licensee may enter
22 into a written use agreement with multiple terminal operators
23 for placement of terminals on the organization licensee's
24 premises.

25 (f) (Blank).

26 (g) Financial interest restrictions. As used in this Act,

1 "substantial interest" in a partnership, a corporation, an
2 organization, an association, a business, or a limited
3 liability company means:

4 (A) When, with respect to a sole proprietorship, an
5 individual or his or her spouse owns, operates, manages, or
6 conducts, directly or indirectly, the organization,
7 association, or business, or any part thereof; or

8 (B) When, with respect to a partnership, the individual
9 or his or her spouse shares in any of the profits, or
10 potential profits, of the partnership activities; or

11 (C) When, with respect to a corporation, an individual
12 or his or her spouse is an officer or director, or the
13 individual or his or her spouse is a holder, directly or
14 beneficially, of 5% or more of any class of stock of the
15 corporation; or

16 (D) When, with respect to an organization not covered
17 in (A), (B) or (C) above, an individual or his or her
18 spouse is an officer or manages the business affairs, or
19 the individual or his or her spouse is the owner of or
20 otherwise controls 10% or more of the assets of the
21 organization; or

22 (E) When an individual or his or her spouse furnishes
23 5% or more of the capital, whether in cash, goods, or
24 services, for the operation of any business, association,
25 or organization during any calendar year; or

26 (F) When, with respect to a limited liability company,

1 an individual or his or her spouse is a member, or the
2 individual or his or her spouse is a holder, directly or
3 beneficially, of 5% or more of the membership interest of
4 the limited liability company.

5 For purposes of this subsection (g), "individual" includes
6 all individuals or their spouses whose combined interest would
7 qualify as a substantial interest under this subsection (g) and
8 whose activities with respect to an organization, association,
9 or business are so closely aligned or coordinated as to
10 constitute the activities of a single entity.

11 (h) Location restriction. A licensed establishment,
12 licensed truck stop establishment, licensed fraternal
13 establishment, organization licensee location, inter-track
14 wagering location licensee location, or licensed veterans
15 establishment that is (i) located within 1,000 feet of ~~a~~
16 ~~facility operated by an organization licensee licensed under~~
17 ~~the Illinois Horse Racing Act of 1975 or~~ the home dock of a
18 riverboat licensed under the Riverboat Gambling Act or (ii)
19 located within 100 feet of a school or a place of worship under
20 the Religious Corporation Act, is ineligible to operate a video
21 gaming terminal. The location restrictions in this subsection
22 (h) do not apply if (A) ~~a facility operated by an organization~~
23 ~~licensee,~~ a school, or a place of worship moves to or is
24 established within the restricted area after a licensed
25 establishment, licensed truck stop establishment, licensed
26 fraternal establishment, organization licensee, inter-track

1 wagering location licensee, or licensed veterans establishment
2 becomes licensed under this Act or (B) a school or place of
3 worship moves to or is established within the restricted area
4 after a licensed establishment, licensed truck stop
5 establishment, licensed fraternal establishment, organization
6 licensee, inter-track wagering location licensee, or licensed
7 veterans establishment obtains its original liquor license.
8 For the purpose of this subsection, "school" means an
9 elementary or secondary public school, or an elementary or
10 secondary private school registered with or recognized by the
11 State Board of Education.

12 Notwithstanding the provisions of this subsection (h), the
13 Board may waive the requirement that a licensed establishment,
14 licensed truck stop establishment, licensed fraternal
15 establishment, organization licensee location, inter-track
16 wagering location licensee location, or licensed veterans
17 establishment not be located within 1,000 feet from ~~a facility~~
18 ~~operated by an organization licensee licensed under the~~
19 ~~Illinois Horse Racing Act of 1975 or~~ the home dock of a
20 riverboat licensed under the Riverboat Gambling Act. The Board
21 shall not grant such waiver if there is any common ownership or
22 control, shared business activity, or contractual arrangement
23 of any type between the establishment and the ~~organization~~
24 ~~licensee or~~ owners licensee of a riverboat. The Board shall
25 adopt rules to implement the provisions of this paragraph.

26 (i) Undue economic concentration. In addition to

1 considering all other requirements under this Act, in deciding
2 whether to approve the operation of video gaming terminals by a
3 terminal operator in a location, the Board shall consider the
4 impact of any economic concentration of such operation of video
5 gaming terminals. The Board shall not allow a terminal operator
6 to operate video gaming terminals if the Board determines such
7 operation will result in undue economic concentration. For
8 purposes of this Section, "undue economic concentration" means
9 that a terminal operator would have such actual or potential
10 influence over video gaming terminals in Illinois as to:

11 (1) substantially impede or suppress competition among
12 terminal operators;

13 (2) adversely impact the economic stability of the
14 video gaming industry in Illinois; or

15 (3) negatively impact the purposes of the Video Gaming
16 Act.

17 The Board shall adopt rules concerning undue economic
18 concentration with respect to the operation of video gaming
19 terminals in Illinois. The rules shall include, but not be
20 limited to, (i) limitations on the number of video gaming
21 terminals operated by any terminal operator within a defined
22 geographic radius and (ii) guidelines on the discontinuation of
23 operation of any such video gaming terminals the Board
24 determines will cause undue economic concentration.

25 (j) The provisions of the Illinois Antitrust Act are fully
26 and equally applicable to the activities of any licensee under

1 this Act.

2 (Source: P.A. 97-333, eff. 8-12-11; 98-31, eff. 6-24-13; 98-77,
3 eff. 7-15-13; 98-112, eff. 7-26-13; 98-756, eff. 7-16-14.)

4 (230 ILCS 40/30)

5 Sec. 30. Multiple types of licenses prohibited. A video
6 gaming terminal manufacturer may not be licensed as a video
7 gaming terminal operator or own, manage, or control a licensed
8 establishment, licensed truck stop establishment, licensed
9 fraternal establishment, organization licensee location,
10 inter-track wagering location licensee location, or licensed
11 veterans establishment, and shall be licensed to sell only to
12 persons having a valid distributor's license or, if the
13 manufacturer also holds a valid distributor's license, to sell,
14 distribute, lease, or market to persons having a valid terminal
15 operator's license. A video gaming terminal distributor may not
16 be licensed as a video gaming terminal operator or own, manage,
17 or control a licensed establishment, licensed truck stop
18 establishment, licensed fraternal establishment, or licensed
19 veterans establishment, and shall only contract with a licensed
20 terminal operator. A video gaming terminal operator may not be
21 licensed as a video gaming terminal manufacturer or distributor
22 or own, manage, or control a licensed establishment, licensed
23 truck stop establishment, licensed fraternal establishment, or
24 licensed veterans establishment, and shall be licensed only to
25 contract with licensed distributors and licensed

1 establishments, licensed truck stop establishments, licensed
2 fraternal establishments, and licensed veterans
3 establishments. An owner or manager of a licensed
4 establishment, licensed truck stop establishment, licensed
5 fraternal establishment, or licensed veterans establishment
6 may not be licensed as a video gaming terminal manufacturer,
7 distributor, or operator, and shall only contract with a
8 licensed operator to place and service this equipment.

9 (Source: P.A. 96-34, eff. 7-13-09; 96-1410, eff. 7-30-10.)

10 (230 ILCS 40/35)

11 Sec. 35. Display of license; confiscation; violation as
12 felony.

13 (a) Each video gaming terminal shall be licensed by the
14 Board before placement or operation on the premises of a
15 licensed establishment, licensed truck stop establishment,
16 licensed fraternal establishment, organization licensee
17 location, inter-track wagering location licensee location, or
18 licensed veterans establishment. The license of each video
19 gaming terminal shall be maintained at the location where the
20 video gaming terminal is operated. Failure to do so is a petty
21 offense with a fine not to exceed \$100. Any licensed
22 establishment, licensed truck stop establishment, licensed
23 fraternal establishment, organization licensee location,
24 inter-track wagering location licensee location, or licensed
25 veterans establishment used for the conduct of gambling games

1 in violation of this Act shall be considered a gambling place
2 in violation of Section 28-3 of the Criminal Code of 2012.
3 Every gambling device found in a licensed establishment,
4 licensed truck stop establishment, licensed fraternal
5 establishment, organization licensee location, inter-track
6 wagering location licensee location, or licensed veterans
7 establishment operating gambling games in violation of this Act
8 shall be subject to seizure, confiscation, and destruction as
9 provided in Section 28-5 of the Criminal Code of 2012. Any
10 license issued under the Liquor Control Act of 1934 to any
11 owner or operator of a licensed establishment, licensed truck
12 stop establishment, licensed fraternal establishment,
13 organization licensee location, inter-track wagering location
14 licensee location, or licensed veterans establishment that
15 operates or permits the operation of a video gaming terminal
16 within its establishment in violation of this Act shall be
17 immediately revoked. No person may own, operate, have in his or
18 her possession or custody or under his or her control, or
19 permit to be kept in any place under his or her possession or
20 control, any device that awards credits and contains a circuit,
21 meter, or switch capable of removing and recording the removal
22 of credits when the award of credits is dependent upon chance.

23 Nothing in this Section shall be deemed to prohibit the use
24 of a game device only if the game device is used in an activity
25 that is not gambling under subsection (b) of Section 28-1 of
26 the Criminal Code of 2012.

1 A violation of this Section is a Class 4 felony. All
2 devices that are owned, operated, or possessed in violation of
3 this Section are hereby declared to be public nuisances and
4 shall be subject to seizure, confiscation, and destruction as
5 provided in Section 28-5 of the Criminal Code of 2012.

6 The provisions of this Section do not apply to devices or
7 electronic video game terminals licensed pursuant to this Act.
8 A video gaming terminal operated for amusement only and bearing
9 a valid amusement tax sticker shall not be subject to this
10 Section until 30 days after the Board establishes that the
11 central communications system is functional.

12 (b) (1) The odds of winning each video game shall be posted
13 on or near each video gaming terminal. The manner in which the
14 odds are calculated and how they are posted shall be determined
15 by the Board by rule.

16 (2) No video gaming terminal licensed under this Act may be
17 played except during the legal hours of operation allowed for
18 the consumption of alcoholic beverages at the licensed
19 establishment, licensed fraternal establishment, or licensed
20 veterans establishment. No video gaming terminal licensed
21 under this Act at a location operated by an organization
22 licensee or inter-track wagering location licensee may be
23 played except during the legal hours of operation allowed in
24 the Illinois Horse Racing Act of 1975. A licensed
25 establishment, licensed fraternal establishment, organization
26 licensee, inter-track wagering location licensee, or licensed

1 veterans establishment that violates this subsection is
2 subject to termination of its license by the Board.

3 (Source: P.A. 97-1150, eff. 1-25-13; 98-111, eff. 1-1-14.)

4 (230 ILCS 40/45)

5 Sec. 45. Issuance of license.

6 (a) The burden is upon each applicant to demonstrate his
7 suitability for licensure. Each video gaming terminal
8 manufacturer, distributor, supplier, operator, handler,
9 licensed establishment, licensed truck stop establishment,
10 licensed fraternal establishment, organization licensee,
11 inter-track wagering location licensee, and licensed veterans
12 establishment shall be licensed by the Board. The Board may
13 issue or deny a license under this Act to any person pursuant
14 to the same criteria set forth in Section 9 of the Riverboat
15 Gambling Act.

16 (a-5) The Board shall not grant a license to a person who
17 has facilitated, enabled, or participated in the use of
18 coin-operated devices for gambling purposes or who is under the
19 significant influence or control of such a person. For the
20 purposes of this Act, "facilitated, enabled, or participated in
21 the use of coin-operated amusement devices for gambling
22 purposes" means that the person has been convicted of any
23 violation of Article 28 of the Criminal Code of 1961 or the
24 Criminal Code of 2012. If there is pending legal action against
25 a person for any such violation, then the Board shall delay the

1 licensure of that person until the legal action is resolved.

2 (b) Each person seeking and possessing a license as a video
3 gaming terminal manufacturer, distributor, supplier, operator,
4 handler, licensed establishment, licensed truck stop
5 establishment, licensed fraternal establishment, organization
6 licensee, inter-track wagering location licensee, or licensed
7 veterans establishment shall submit to a background
8 investigation conducted by the Board with the assistance of the
9 State Police or other law enforcement. To the extent that the
10 corporate structure of the applicant allows, the background
11 investigation shall include any or all of the following as the
12 Board deems appropriate or as provided by rule for each
13 category of licensure: (i) each beneficiary of a trust, (ii)
14 each partner of a partnership, (iii) each member of a limited
15 liability company, (iv) each director and officer of a publicly
16 or non-publicly held corporation, (v) each stockholder of a
17 non-publicly held corporation, (vi) each stockholder of 5% or
18 more of a publicly held corporation, or (vii) each stockholder
19 of 5% or more in a parent or subsidiary corporation.

20 (c) Each person seeking and possessing a license as a video
21 gaming terminal manufacturer, distributor, supplier, operator,
22 handler, licensed establishment, licensed truck stop
23 establishment, licensed fraternal establishment, organization
24 licensee, inter-track wagering location licensee, or licensed
25 veterans establishment shall disclose the identity of every
26 person, association, trust, corporation, or limited liability

1 company having a greater than 1% direct or indirect pecuniary
2 interest in the video gaming terminal operation for which the
3 license is sought. If the disclosed entity is a trust, the
4 application shall disclose the names and addresses of the
5 beneficiaries; if a corporation, the names and addresses of all
6 stockholders and directors; if a limited liability company, the
7 names and addresses of all members; or if a partnership, the
8 names and addresses of all partners, both general and limited.

9 (d) No person may be licensed as a video gaming terminal
10 manufacturer, distributor, supplier, operator, handler,
11 licensed establishment, licensed truck stop establishment,
12 licensed fraternal establishment, organization licensee,
13 inter-track wagering location licensee, or licensed veterans
14 establishment if that person has been found by the Board to:

15 (1) have a background, including a criminal record,
16 reputation, habits, social or business associations, or
17 prior activities that pose a threat to the public interests
18 of the State or to the security and integrity of video
19 gaming;

20 (2) create or enhance the dangers of unsuitable,
21 unfair, or illegal practices, methods, and activities in
22 the conduct of video gaming; or

23 (3) present questionable business practices and
24 financial arrangements incidental to the conduct of video
25 gaming activities.

26 (e) Any applicant for any license under this Act has the

1 burden of proving his or her qualifications to the satisfaction
 2 of the Board. The Board may adopt rules to establish additional
 3 qualifications and requirements to preserve the integrity and
 4 security of video gaming in this State.

5 (f) A non-refundable application fee shall be paid at the
 6 time an application for a license is filed with the Board in
 7 the following amounts:

- 8 (1) Manufacturer \$5,000
- 9 (2) Distributor..... \$5,000
- 10 (3) Terminal operator..... \$5,000
- 11 (4) Supplier \$2,500
- 12 (5) Technician \$100
- 13 (6) Terminal Handler \$50

14 (g) The Board shall establish an annual fee for each
 15 license not to exceed the following:

- 16 (1) Manufacturer \$10,000
- 17 (2) Distributor..... \$10,000
- 18 (3) Terminal operator..... \$5,000
- 19 (4) Supplier \$2,000
- 20 (5) Technician \$100
- 21 (6) Licensed establishment, licensed truck stop
 22 establishment, licensed fraternal establishment,
 23 organization licensee, inter-track wagering location
 24 licensee, or licensed veterans establishment \$100
- 25 (7) Video gaming terminal..... \$100
- 26 (8) Terminal Handler \$50

1 (h) A terminal operator and a licensed establishment,
2 licensed truck stop establishment, licensed fraternal
3 establishment, organization licensee, inter-track wagering
4 location licensee, or licensed veterans establishment shall
5 equally split the fees specified in item (7) of subsection (g).
6 (Source: P.A. 97-1150, eff. 1-25-13; 98-31, eff. 6-24-13;
7 98-587, eff. 8-27-13; 98-756, eff. 7-16-14.)

8 (230 ILCS 40/55)

9 Sec. 55. Precondition for licensed location. In all cases
10 of application for a licensed location, to operate a video
11 gaming terminal, each licensed establishment, licensed
12 fraternal establishment, or licensed veterans establishment
13 shall possess a valid liquor license issued by the Illinois
14 Liquor Control Commission in effect at the time of application
15 and at all times thereafter during which a video gaming
16 terminal is made available to the public for play at that
17 location. Video gaming terminals in a licensed location shall
18 be operated only during the same hours of operation generally
19 permitted to holders of a license under the Liquor Control Act
20 of 1934 within the unit of local government in which they are
21 located. Organization licensees and inter-track wagering
22 location licensees may operate video gaming terminals if they
23 hold an organization license or inter-track wagering location
24 license issued by the Illinois Racing Board. A licensed truck
25 stop establishment that does not hold a liquor license may

1 operate video gaming terminals on a continuous basis. A
2 licensed fraternal establishment or licensed veterans
3 establishment that does not hold a liquor license may operate
4 video gaming terminals if (i) the establishment is located in a
5 county with a population between 6,500 and 7,000, based on the
6 2000 U.S. Census, (ii) the county prohibits by ordinance the
7 sale of alcohol, and (iii) the establishment is in a portion of
8 the county where the sale of alcohol is prohibited. A licensed
9 fraternal establishment or licensed veterans establishment
10 that does not hold a liquor license may operate video gaming
11 terminals if (i) the establishment is located in a municipality
12 within a county with a population between 8,500 and 9,000 based
13 on the 2000 U.S. Census and (ii) the municipality or county
14 prohibits or limits the sale of alcohol by ordinance in a way
15 that prohibits the establishment from selling alcohol.

16 (Source: P.A. 96-34, eff. 7-13-09; 96-1410, eff. 7-30-10;
17 97-594, eff. 8-26-11.)

18 (230 ILCS 40/58)

19 Sec. 58. Location of terminals. Video gaming terminals
20 must be located in an area restricted to persons over 21 years
21 of age the entrance to which is within the view of at least one
22 employee, who is over 21 years of age, of the establishment in
23 which they are located. The placement of video gaming terminals
24 in licensed establishments, licensed truck stop
25 establishments, licensed fraternal establishments,

1 organization licensee locations, inter-track wagering location
2 licensee locations, and licensed veterans establishments shall
3 be subject to the rules promulgated by the Board pursuant to
4 the Illinois Administrative Procedure Act.

5 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09.)

6 (230 ILCS 40/60)

7 Sec. 60. Imposition and distribution of tax.

8 (a) A tax of 30% is imposed on net terminal income and
9 shall be collected by the Board.

10 (b) Of the tax collected under this Section, five-sixths
11 shall be deposited into the Capital Projects Fund and one-sixth
12 shall be deposited into the Local Government Video Gaming
13 Distributive Fund.

14 (c) Revenues generated from the play of video gaming
15 terminals shall be deposited by the terminal operator, who is
16 responsible for tax payments, in a specially created, separate
17 bank account maintained by the video gaming terminal operator
18 to allow for electronic fund transfers of moneys for tax
19 payment.

20 (d) Each licensed establishment, licensed truck stop
21 establishment, licensed fraternal establishment, organization
22 licensee, inter-track wagering location licensee, and licensed
23 veterans establishment shall maintain an adequate video gaming
24 fund, with the amount to be determined by the Board.

25 (e) The State's percentage of net terminal income shall be

1 reported and remitted to the Board within 15 days after the
2 15th day of each month and within 15 days after the end of each
3 month by the video terminal operator. A video terminal operator
4 who falsely reports or fails to report the amount due required
5 by this Section is guilty of a Class 4 felony and is subject to
6 termination of his or her license by the Board. Each video
7 terminal operator shall keep a record of net terminal income in
8 such form as the Board may require. All payments not remitted
9 when due shall be paid together with a penalty assessment on
10 the unpaid balance at a rate of 1.5% per month.

11 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09.)

12 Section 10. The Criminal Code of 2012 is amended by
13 changing Section 28-1 as follows:

14 (720 ILCS 5/28-1) (from Ch. 38, par. 28-1)

15 Sec. 28-1. Gambling.

16 (a) A person commits gambling when he or she:

17 (1) knowingly plays a game of chance or skill for money
18 or other thing of value, unless excepted in subsection (b)
19 of this Section;

20 (2) knowingly makes a wager upon the result of any
21 game, contest, or any political nomination, appointment or
22 election;

23 (3) knowingly operates, keeps, owns, uses, purchases,
24 exhibits, rents, sells, bargains for the sale or lease of,

1 manufactures or distributes any gambling device;

2 (4) contracts to have or give himself or herself or
3 another the option to buy or sell, or contracts to buy or
4 sell, at a future time, any grain or other commodity
5 whatsoever, or any stock or security of any company, where
6 it is at the time of making such contract intended by both
7 parties thereto that the contract to buy or sell, or the
8 option, whenever exercised, or the contract resulting
9 therefrom, shall be settled, not by the receipt or delivery
10 of such property, but by the payment only of differences in
11 prices thereof; however, the issuance, purchase, sale,
12 exercise, endorsement or guarantee, by or through a person
13 registered with the Secretary of State pursuant to Section
14 8 of the Illinois Securities Law of 1953, or by or through
15 a person exempt from such registration under said Section
16 8, of a put, call, or other option to buy or sell
17 securities which have been registered with the Secretary of
18 State or which are exempt from such registration under
19 Section 3 of the Illinois Securities Law of 1953 is not
20 gambling within the meaning of this paragraph (4);

21 (5) knowingly owns or possesses any book, instrument or
22 apparatus by means of which bets or wagers have been, or
23 are, recorded or registered, or knowingly possesses any
24 money which he has received in the course of a bet or
25 wager;

26 (6) knowingly sells pools upon the result of any game

1 or contest of skill or chance, political nomination,
2 appointment or election;

3 (7) knowingly sets up or promotes any lottery or sells,
4 offers to sell or transfers any ticket or share for any
5 lottery;

6 (8) knowingly sets up or promotes any policy game or
7 sells, offers to sell or knowingly possesses or transfers
8 any policy ticket, slip, record, document or other similar
9 device;

10 (9) knowingly drafts, prints or publishes any lottery
11 ticket or share, or any policy ticket, slip, record,
12 document or similar device, except for such activity
13 related to lotteries, bingo games and raffles authorized by
14 and conducted in accordance with the laws of Illinois or
15 any other state or foreign government;

16 (10) knowingly advertises any lottery or policy game,
17 except for such activity related to lotteries, bingo games
18 and raffles authorized by and conducted in accordance with
19 the laws of Illinois or any other state;

20 (11) knowingly transmits information as to wagers,
21 betting odds, or changes in betting odds by telephone,
22 telegraph, radio, semaphore or similar means; or knowingly
23 installs or maintains equipment for the transmission or
24 receipt of such information; except that nothing in this
25 subdivision (11) prohibits transmission or receipt of such
26 information for use in news reporting of sporting events or

1 contests; or

2 (12) knowingly establishes, maintains, or operates an
3 Internet site that permits a person to play a game of
4 chance or skill for money or other thing of value by means
5 of the Internet or to make a wager upon the result of any
6 game, contest, political nomination, appointment, or
7 election by means of the Internet. This item (12) does not
8 apply to activities referenced in items (6) and (6.1) of
9 subsection (b) of this Section.

10 (b) Participants in any of the following activities shall
11 not be convicted of gambling:

12 (1) Agreements to compensate for loss caused by the
13 happening of chance including without limitation contracts
14 of indemnity or guaranty and life or health or accident
15 insurance.

16 (2) Offers of prizes, award or compensation to the
17 actual contestants in any bona fide contest for the
18 determination of skill, speed, strength or endurance or to
19 the owners of animals or vehicles entered in such contest.

20 (3) Pari-mutuel betting as authorized by the law of
21 this State.

22 (4) Manufacture of gambling devices, including the
23 acquisition of essential parts therefor and the assembly
24 thereof, for transportation in interstate or foreign
25 commerce to any place outside this State when such
26 transportation is not prohibited by any applicable Federal

1 law; or the manufacture, distribution, or possession of
2 video gaming terminals, as defined in the Video Gaming Act,
3 by manufacturers, distributors, and terminal operators
4 licensed to do so under the Video Gaming Act.

5 (5) The game commonly known as "bingo", when conducted
6 in accordance with the Bingo License and Tax Act.

7 (6) Lotteries when conducted by the State of Illinois
8 in accordance with the Illinois Lottery Law. This exemption
9 includes any activity conducted by the Department of
10 Revenue to sell lottery tickets pursuant to the provisions
11 of the Illinois Lottery Law and its rules.

12 (6.1) The purchase of lottery tickets through the
13 Internet for a lottery conducted by the State of Illinois
14 under the program established in Section 7.12 of the
15 Illinois Lottery Law.

16 (7) Possession of an antique slot machine that is
17 neither used nor intended to be used in the operation or
18 promotion of any unlawful gambling activity or enterprise.
19 For the purpose of this subparagraph (b)(7), an antique
20 slot machine is one manufactured 25 years ago or earlier.

21 (8) Raffles and poker runs when conducted in accordance
22 with the Raffles and Poker Runs Act.

23 (9) Charitable games when conducted in accordance with
24 the Charitable Games Act.

25 (10) Pull tabs and jar games when conducted under the
26 Illinois Pull Tabs and Jar Games Act.

1 (11) Gambling games conducted on riverboats when
2 authorized by the Riverboat Gambling Act.

3 (12) Video gaming terminal games at a licensed
4 establishment, licensed truck stop establishment, licensed
5 fraternal establishment, organization licensee location,
6 inter-track wagering location licensee location, or
7 licensed veterans establishment when conducted in
8 accordance with the Video Gaming Act.

9 (13) Games of skill or chance where money or other
10 things of value can be won but no payment or purchase is
11 required to participate.

12 (14) Savings promotion raffles authorized under
13 Section 5g of the Illinois Banking Act, Section 7008 of the
14 Savings Bank Act, Section 42.7 of the Illinois Credit Union
15 Act, Section 5136B of the National Bank Act (12 U.S.C.
16 25a), or Section 4 of the Home Owners' Loan Act (12 U.S.C.
17 1463).

18 (c) Sentence.

19 Gambling is a Class A misdemeanor. A second or subsequent
20 conviction under subsections (a) (3) through (a) (12), is a Class
21 4 felony.

22 (d) Circumstantial evidence.

23 In prosecutions under this Section circumstantial evidence
24 shall have the same validity and weight as in any criminal
25 prosecution.

26 (Source: P.A. 98-644, eff. 6-10-14; 99-149, eff. 1-1-16.)

1 INDEX

2 Statutes amended in order of appearance

3 230 ILCS 40/5

4 230 ILCS 40/25

5 230 ILCS 40/30

6 230 ILCS 40/35

7 230 ILCS 40/45

8 230 ILCS 40/55

9 230 ILCS 40/58

10 230 ILCS 40/60

11 720 ILCS 5/28-1 from Ch. 38, par. 28-1