



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4048

Introduced 5/11/2017, by Rep. Arthur Turner

SYNOPSIS AS INTRODUCED:

230 ILCS 40/20
230 ILCS 40/25

Amends the Video Gaming Act. Increases the maximum wager played per hand from \$2 to \$4. Increases the maximum cash award for a wager on any individual hand from \$500 to \$1,199. Adds a maximum cash award for the maximum wager on a jackpot, progressive or otherwise, of \$10,000. Provides that no terminal operator or officer, employee, or agent of a terminal operator (currently, no terminal operator) may offer, promise, or give anything of value (currently, may give anything of value), including, but not limited to, a loan or financing arrangement, to a licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment in accordance with an agreement or arrangement or with the intent that the offer, promise, or gift of the thing of value shall act as an incentive or inducement with respect to locating or maintaining (rather than incentive or inducement to locate) video gaming terminals in that establishment. Provides that specified items and activities are permissible and do not constitute "of value" violations under these provisions. Provides that a licensed location that violates one or more requirements of provisions concerning restrictions on the licenses of terminal operators is guilty of a Class 4 felony and is subject to termination of his or her license by the Illinois Gaming Board. Allows a licensed establishment, licensed truck stop establishment, licensed veterans establishment, or licensed fraternal establishment that operates 5 video gaming terminals on its premises and that generates at least \$150,000 in net terminal income over the preceding 6 consecutive calendar months, to add and operate a sixth video gaming terminal. Effective immediately.

LRB100 12718 MJP 26208 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
5 Sections 20 and 25 as follows:

6 (230 ILCS 40/20)

7 Sec. 20. Direct dispensing of receipt tickets only. A video
8 gaming terminal may not directly dispense coins, cash, tokens,
9 or any other article of exchange or value except for receipt
10 tickets. Tickets shall be dispensed by pressing the ticket
11 dispensing button on the video gaming terminal at the end of
12 one's turn or play. The ticket shall indicate the total amount
13 of credits and the cash award, the time of day in a 24-hour
14 format showing hours and minutes, the date, the terminal serial
15 number, the sequential number of the ticket, and an encrypted
16 validation number from which the validity of the prize may be
17 determined. The player shall turn in this ticket to the
18 appropriate person at the licensed establishment, licensed
19 truck stop establishment, licensed fraternal establishment, or
20 licensed veterans establishment to receive the cash award. The
21 cost of the credit shall be one cent, 5 cents, 10 cents, or 25
22 cents, and the maximum wager played per hand shall not exceed
23 \$4 ~~\$2~~. No cash award for the maximum wager on any individual

1 hand shall exceed \$1,199 ~~\$500~~. No cash award for the maximum
2 wager on a jackpot, progressive or otherwise, shall exceed
3 \$10,000.

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

5 (230 ILCS 40/25)

6 Sec. 25. Restriction of licensees.

7 (a) Manufacturer. A person may not be licensed as a
8 manufacturer of a video gaming terminal in Illinois unless the
9 person has a valid manufacturer's license issued under this
10 Act. A manufacturer may only sell video gaming terminals for
11 use in Illinois to persons having a valid distributor's
12 license.

13 (b) Distributor. A person may not sell, distribute, or
14 lease or market a video gaming terminal in Illinois unless the
15 person has a valid distributor's license issued under this Act.
16 A distributor may only sell video gaming terminals for use in
17 Illinois to persons having a valid distributor's or terminal
18 operator's license.

19 (c) Terminal operator. A person may not own, maintain, or
20 place a video gaming terminal unless he has a valid terminal
21 operator's license issued under this Act. A terminal operator
22 may only place video gaming terminals for use in Illinois in
23 licensed establishments, licensed truck stop establishments,
24 licensed fraternal establishments, and licensed veterans
25 establishments. No terminal operator or officer, employee, or

1 agent of a terminal operator may offer, promise, or give
2 anything of value, including, but not limited to, a loan or
3 financing arrangement, to a licensed establishment, licensed
4 truck stop establishment, licensed fraternal establishment, or
5 licensed veterans establishment in accordance with an
6 agreement or arrangement or with the intent that the offer,
7 promise, or gift of the thing of value shall act as an ~~any~~
8 incentive or inducement with respect to locating or maintaining
9 ~~locate~~ video terminals in that establishment. The following
10 items and activities are permissible and do not constitute "of
11 value" violations under this subsection:

12 (1) A terminal operator may reimburse a licensed
13 establishment, licensed truck stop establishment, licensed
14 fraternal establishment, or licensed veterans
15 establishment for the actual cost of the food or
16 non-alcoholic beverages given directly to video gaming
17 terminal players in an amount not to exceed 5% of the
18 terminal operator's monthly share of net terminal income if
19 the licensed location has, for the preceding 6 consecutive
20 calendar months, averaged monthly cumulative net terminal
21 income for the location equivalent to net terminal income
22 of at least \$120 per day per video gaming terminal
23 immediately on the premises, and if the reimbursement
24 terms, including the requirement that the terminal
25 operator be provided with receipts or documentation of the
26 actual cost of the food or non-alcoholic beverages, are set

1 forth in the written use agreement between the parties. In
2 the event of the authorization of a players' rewards
3 program, if food or non-alcoholic beverage awards are made
4 available through the program, then a terminal operator may
5 reimburse a licensed establishment, licensed truck stop
6 establishment, licensed fraternal establishment, or
7 licensed veterans establishment up to 50% of the actual
8 cost of the food or non-alcoholic beverages awarded, and
9 the reimbursement terms, including the requirement that
10 the terminal operator be provided with receipts or
11 documentation of the actual cost of the food or
12 non-alcoholic beverages, are set forth in the written use
13 agreement between the parties.

14 (2) A terminal operator may reimburse a licensed
15 establishment, licensed truck stop establishment, licensed
16 fraternal establishment, or licensed veterans
17 establishment for up to 50% of the actual cost of
18 promotional items, excluding food or non-alcoholic
19 beverages, of more than nominal value, such as vacation
20 trips and prizes that are given directly to video gaming
21 terminal players if the reimbursement terms, including the
22 requirement that the terminal operator be provided with
23 receipts or documentation of the actual cost of these
24 items, are set forth in the written use agreement between
25 the parties. The cost of promotional items of nominal value
26 that bear a logo or name and that are given to patrons or

1 video gaming terminal players, however, may not be
2 reimbursed or shared and shall be paid for entirely by the
3 terminal operator or the licensed location whose name or
4 logo appears on the item. As used in this paragraph,
5 "promotional items of nominal value" does not include gift
6 cards, gift certificates, cash, and cash equivalents.

7 (3) A terminal operator may reimburse a licensed
8 establishment, licensed truck stop establishment, licensed
9 fraternal establishment, or licensed veterans
10 establishment for up to 50% of the actual cost of
11 advertising that promotes video gaming at that licensed
12 location if the reimbursement terms, including the
13 requirement that the terminal operator be provided with
14 receipts or documentation of the actual cost of the
15 advertising, are set forth in the written use agreement
16 between the parties.

17 The Board shall adopt rules concerning the items and
18 activities permissible under this subsection as well as other
19 activities that do not constitute "of value" violations under
20 this subsection.

21 Of the after-tax profits from a video gaming terminal, 50%
22 shall be paid to the terminal operator and 50% shall be paid to
23 the licensed establishment, licensed truck stop establishment,
24 licensed fraternal establishment, or licensed veterans
25 establishment, notwithstanding any agreement to the contrary.
26 A video terminal operator or licensed location that violates

1 one or more requirements of this subsection is guilty of a
2 Class 4 felony and is subject to termination of his or her
3 license by the Board.

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

9 (d-5) Licensed terminal handler. No person, including, but
10 not limited to, an employee or independent contractor working
11 for a manufacturer, distributor, supplier, technician, or
12 terminal operator licensed pursuant to this Act, shall have
13 possession or control of a video gaming terminal, or access to
14 the inner workings of a video gaming terminal, unless that
15 person possesses a valid terminal handler's license issued
16 under this Act.

17 (e) Licensed establishment. No video gaming terminal may be
18 placed in any licensed establishment, licensed veterans
19 establishment, licensed truck stop establishment, or licensed
20 fraternal establishment unless the owner or agent of the owner
21 of the licensed establishment, licensed veterans
22 establishment, licensed truck stop establishment, or licensed
23 fraternal establishment has entered into a written use
24 agreement with the terminal operator for placement of the
25 terminals. A copy of the use agreement shall be on file in the
26 terminal operator's place of business and available for

1 inspection by individuals authorized by the Board.

2 (e-5) A licensed establishment, licensed truck stop
3 establishment, licensed veterans establishment, or licensed
4 fraternal establishment may operate up to 5 video gaming
5 terminals on its premises at any time. A licensed
6 establishment, licensed truck stop establishment, licensed
7 veterans establishment, or licensed fraternal establishment
8 that operates 5 video gaming terminals on its premises and that
9 generates at least \$150,000 in net terminal income in the
10 preceding 6 consecutive calendar months may add and operate a
11 sixth video gaming terminal.

12 (f) (Blank).

13 (g) Financial interest restrictions. As used in this Act,
14 "substantial interest" in a partnership, a corporation, an
15 organization, an association, a business, or a limited
16 liability company means:

17 (A) When, with respect to a sole proprietorship, an
18 individual or his or her spouse owns, operates, manages, or
19 conducts, directly or indirectly, the organization,
20 association, or business, or any part thereof; or

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

24 (C) When, with respect to a corporation, an individual
25 or his or her spouse is an officer or director, or the
26 individual or his or her spouse is a holder, directly or

1 beneficially, of 5% or more of any class of stock of the
2 corporation; or

3 (D) When, with respect to an organization not covered
4 in (A), (B) or (C) above, an individual or his or her
5 spouse is an officer or manages the business affairs, or
6 the individual or his or her spouse is the owner of or
7 otherwise controls 10% or more of the assets of the
8 organization; or

9 (E) When an individual or his or her spouse furnishes
10 5% or more of the capital, whether in cash, goods, or
11 services, for the operation of any business, association,
12 or organization during any calendar year; or

13 (F) When, with respect to a limited liability company,
14 an individual or his or her spouse is a member, or the
15 individual or his or her spouse is a holder, directly or
16 beneficially, of 5% or more of the membership interest of
17 the limited liability company.

18 For purposes of this subsection (g), "individual" includes
19 all individuals or their spouses whose combined interest would
20 qualify as a substantial interest under this subsection (g) and
21 whose activities with respect to an organization, association,
22 or business are so closely aligned or coordinated as to
23 constitute the activities of a single entity.

24 (h) Location restriction. A licensed establishment,
25 licensed truck stop establishment, licensed fraternal
26 establishment, or licensed veterans establishment that is (i)

1 located within 1,000 feet of a facility operated by an
2 organization licensee licensed under the Illinois Horse Racing
3 Act of 1975 or the home dock of a riverboat licensed under the
4 Riverboat Gambling Act or (ii) located within 100 feet of a
5 school or a place of worship under the Religious Corporation
6 Act, is ineligible to operate a video gaming terminal. The
7 location restrictions in this subsection (h) do not apply if
8 (A) a facility operated by an organization licensee, a school,
9 or a place of worship moves to or is established within the
10 restricted area after a licensed establishment, licensed truck
11 stop establishment, licensed fraternal establishment, or
12 licensed veterans establishment becomes licensed under this
13 Act or (B) a school or place of worship moves to or is
14 established within the restricted area after a licensed
15 establishment, licensed truck stop establishment, licensed
16 fraternal establishment, or licensed veterans establishment
17 obtains its original liquor license. For the purpose of this
18 subsection, "school" means an elementary or secondary public
19 school, or an elementary or secondary private school registered
20 with or recognized by the State Board of Education.

21 Notwithstanding the provisions of this subsection (h), the
22 Board may waive the requirement that a licensed establishment,
23 licensed truck stop establishment, licensed fraternal
24 establishment, or licensed veterans establishment not be
25 located within 1,000 feet from a facility operated by an
26 organization licensee licensed under the Illinois Horse Racing

1 Act of 1975 or the home dock of a riverboat licensed under the
2 Riverboat Gambling Act. The Board shall not grant such waiver
3 if there is any common ownership or control, shared business
4 activity, or contractual arrangement of any type between the
5 establishment and the organization licensee or owners licensee
6 of a riverboat. The Board shall adopt rules to implement the
7 provisions of this paragraph.

8 (i) Undue economic concentration. In addition to
9 considering all other requirements under this Act, in deciding
10 whether to approve the operation of video gaming terminals by a
11 terminal operator in a location, the Board shall consider the
12 impact of any economic concentration of such operation of video
13 gaming terminals. The Board shall not allow a terminal operator
14 to operate video gaming terminals if the Board determines such
15 operation will result in undue economic concentration. For
16 purposes of this Section, "undue economic concentration" means
17 that a terminal operator would have such actual or potential
18 influence over video gaming terminals in Illinois as to:

19 (1) substantially impede or suppress competition among
20 terminal operators;

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

23 (3) negatively impact the purposes of the Video Gaming
24 Act.

25 The Board shall adopt rules concerning undue economic
26 concentration with respect to the operation of video gaming

1 terminals in Illinois. The rules shall include, but not be
2 limited to, (i) limitations on the number of video gaming
3 terminals operated by any terminal operator within a defined
4 geographic radius and (ii) guidelines on the discontinuation of
5 operation of any such video gaming terminals the Board
6 determines will cause undue economic concentration.

7 (j) The provisions of the Illinois Antitrust Act are fully
8 and equally applicable to the activities of any licensee under
9 this Act.

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

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.